Union Calendar No. 332

103D CONGRESS
2D SESSION

H. R. 3838

[Report No. 103–607]

A BILL

To amend and extend certain laws relating to housing and community development, and for other purposes.

JULY 15, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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To amend and extend certain laws relating to housing and community development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 1994

Mr. GONZALEZ (for himself, Mrs. ROUKEMA, Mr. NEAL of North Carolina, Mr. LAFALCE, Mr. VENTO, Mr. FRANK of Massachusetts, Mr. KANJORSKI, Mr. KENNEDY, Mr. FLAKE, Mr. MFUME, Ms. WATERS, Mr. BACCHUS of Florida, Mr. KLEIN, Mr. DEUTSCH, Mr. GUTIERREZ, Mr. RUSH, Ms. VELÁZQUEZ, Mr. WYNN, Mr. FIELDS of Louisiana, Mr. WATT, Mr. HINCHEY, and Ms. FURSE) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

APRIL 25, 1994

Additional sponsors: Mr. NEAL of Massachusetts, Mr. FOGLIETTA, and Mr. SANDERS

JULY 15, 1994

Additional sponsors: Mr. BOUCHER, and Mr. JOHNSTON of Florida

JULY 15, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on February 10, 1994]

A BILL

To amend and extend certain laws relating to housing and community development, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Housing and Community Development Act of 1994''.

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

Sec. 1. Short title and table of contents.
Sec. 2. Effective date.

TITLE I—HOUSING ASSISTANCE

Subtitle A—General Provisions

Sec. 101. Low-income housing authorization.
Sec. 102. Resident representation in public housing agencies.
Sec. 103. Determination of median income.
Sec. 104. Definition of families.
Sec. 105. Family self-sufficiency program.
Sec. 106. Use of amounts in headquarters reserve.

Subtitle B—Public and Indian Housing

Sec. 111. Public housing rent reform.
Sec. 112. Sale of public housing to non-profit intermediaries.
Sec. 113. Major reconstruction of obsolete projects.
Sec. 114. New construction of projects for disabled families.
Sec. 115. Recapture of public housing development amounts.
Sec. 116. Repeal of least-cost limitation on public housing new construction.
Sec. 117. Regulatory relief and paperwork reduction for high-performing public housing agencies.
Sec. 118. Standards for lease termination and expedited grievance procedure.
Sec. 119. Availability of criminal conviction information for screening and evictions.
Sec. 120. Designated housing.
Sec. 121. Public housing operating subsidies.
Sec. 122. Eligible uses of emergency modernization funds.
Sec. 123. Use of modernization funds for replacement housing.
Sec. 124. Demolition and disposition of public housing.
Sec. 125. Public housing resident opportunity.
Sec. 126. Public housing family investment centers.

Sec. 127. Revitalization of severely distressed public housing.
Sec. 128. Program monitoring and technical assistance.
Sec. 129. Applicability of public housing amendments to Indian housing.
Sec. 130. Early childhood development program.
Sec. 131. Indian housing childhood development services.
Sec. 132. Public housing one-stop perinatal services demonstration.
Sec. 133. Sale of certain scattered site public housing.
Sec. 134. Eligibility of certain public housing for demolition.
Sec. 135. Demonstration program for innovative public housing agencies and resident management corporations.
Sec. 136. Demonstration program for occupancy of otherwise vacant public housing units by moderate-income families.
Sec. 137. Study of adequacy of payment in lieu of taxes.

Subtitle C—Section 8 Assistance

Sec. 141. Community investment demonstration program.
Sec. 142. Merger of section 8 rental assistance programs.
Sec. 143. Incentives to refinance high interest mortgages for section 8 projects.
Sec. 144. Demonstration program for use of excess residual receipts.
Sec. 145. Treatment of certain projects.
Sec. 146. Study of extent of nonparticipation of owners and landlords in section 8 rental assistance program.
Sec. 147. Study of section 8 housing quality standards.

Subtitle D—Renewal of Expiring Contracts for Section 8 New Construction and Substantial Rehabilitation Projects

Sec. 151. Findings and purpose.
Sec. 152. Notices of contract expiration and intention to renew.
Sec. 153. Secretary's response to owner's proposal.
Sec. 154. Limitation on new contracts.
Sec. 155. Required terms of new contracts.
Sec. 156. Maximum monthly rent under new contracts.
Sec. 157. Actions in cases of failure to enter into new contract.
Sec. 158. Contract extension.
Sec. 159. Financing and restructuring underlying debt and treatment of residual receipts.
Sec. 160. Retention of program savings by Secretary.
Sec. 161. Supportive services.
Sec. 162. Delegation of authority.
Sec. 163. Definitions.
Sec. 164. Regulations.
Sec. 165. Authorization of appropriations.

Subtitle E—Homeownership Programs

Sec. 171. HOPE homeownership programs.
Sec. 172. National Homeownership Fund.
Sec. 173. Section 235 mortgage refinancing.
Sec. 174. Housing counseling for homeownership and rental housing choice.

Subtitle F—Other Programs

Sec. 181. Community partnerships against crime.
Sec. 182. Low-income housing preservation.
Sec. 183. Flexible subsidy program.

Sec. 184. Youthbuild program.
Sec. 185. Disposition of HUD-owned multifamily housing properties.
Sec. 186. Guidelines for screening, admission, and evictions in public and assisted housing.
Sec. 187. Metropolitan area-wide strategy demonstration.

TITLE II—HOME INVESTMENT PARTNERSHIPS

Sec. 201. Authorization of appropriations.
Sec. 202. Eligible uses of investment.
Sec. 203. Qualification as affordable rental housing.
Sec. 204. Repayment of investment.
Sec. 205. Matching requirements.
Sec. 206. Support for State and local housing strategies.
Sec. 207. Labor requirements.

TITLE III—SUPPORTIVE HOUSING PROGRAMS

Sec. 301. Funding for supportive housing for the elderly and for persons with disabilities.
Sec. 302. Supportive housing for the elderly.
Sec. 303. Supportive housing for persons with disabilities.
Sec. 304. Revised congregate services.
Sec. 305. Supportive housing assistance for elderly independence.
Sec. 306. Housing opportunities for persons with AIDS.
Sec. 307. Service coordinators.

TITLE IV—MORTGAGE INSURANCE AND SECONDARY MORTGAGE MARKET

Subtitle A—Mortgage Insurance and Loan Guarantee Programs

Sec. 401. Limitation on insurance authority.
Sec. 402. Federal Housing Administration Advisory Board.
Sec. 403. Maximum mortgage amount ceiling for single family mortgages.
Sec. 404. Maximum mortgage amount floor for single family mortgage insurance.
Sec. 405. Elimination of restrictions regarding new construction.
Sec. 406. Authority to use amounts borrowed from family members for downpayments.
Sec. 407. Indemnification for multifamily housing project managers.
Sec. 408. Extension of multifamily housing mortgage auction provisions.
Sec. 409. Streamlined refinancing for HUD-held mortgages.
Sec. 410. Home equity conversion mortgages for elderly homeowners.
Sec. 411. Single family risk-sharing mortgage insurance program.
Sec. 412. Delegation of single family mortgage insuring authority to direct endorsement mortgagees.
Sec. 413. Eligibility of mortgages on homes on leased land owned by community land trusts.
Sec. 414. Insurance of 2-step single family mortgages.
Sec. 415. Mortgage limits for multifamily projects in high-cost areas.
Sec. 416. Calculation of credit subsidy for FHA refinancings and offset of negative subsidies.
Sec. 417. Approval of point-of-use purification systems and testing of systems.
Sec. 418. Energy efficient mortgages pilot program.
Sec. 419. Extension of multifamily mortgage credit demonstrations.
Sec. 420. Indian housing loan guarantees.

Sec. 421. National Commission on the Future of the Federal Housing Administration.
Sec. 422. Action and report on cooperative homeownership for low- and moderate-income families.
Sec. 423. Study of activity of private mortgage bankers and insurers.

Subtitle B—Secondary Mortgage Market Programs

Sec. 441. Limitation on GNMA guarantees of mortgage-backed securities.
Sec. 442. Assessment collection dates for Office of Federal Housing Enterprise Oversight.

Subtitle C—Emergency Mortgage Relief

Sec. 461. Amendments to Emergency Homeowners' Relief Act.

Subtitle D—Nonjudicial Foreclosure of Defaulted Single Family Mortgages

Sec. 481. Short title.
Sec. 482. Findings and purpose.
Sec. 483. Definitions.
Sec. 484. Applicability.
Sec. 485. Designation of foreclosure commissioner.
Sec. 486. Prerequisites to foreclosure.
Sec. 487. Notice of foreclosure sale.
Sec. 488. Commencement of foreclosure.
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Sec. 490. Presale reinstatement.
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Sec. 492. Foreclosure costs.
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Sec. 494. Transfer of title and possession.
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Sec. 496. Effect of sale.
Sec. 497. Computation of time.
Sec. 498. Separability.
Sec. 499. Deficiency judgment.

TITLE V—RURAL HOUSING

Sec. 501. Program authorizations.
Sec. 502. Eligibility of Native Americans for rural housing programs.
Sec. 503. Escrow fund.
Sec. 504. Section 502 homeownership loans.
Sec. 505. Loan guarantees.
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Sec. 507. Designation of underserved areas and reservation of assistance.
Sec. 508. Administrative appeals.
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Sec. 510. Optional conversion of rental assistance payments to operating subsidy for migrant farmworker projects.
Sec. 511. Definition of rural area.
Sec. 512. Eligibility of manufactured home parks for building site loans for co-operatives.
Sec. 513. Rural housing assistance targeting report.
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Sec. 515. Native American rural housing capacity demonstration program.

Sec. 516. Rural community development initiative.
Sec. 517. Loan guarantees for multifamily rental housing in rural areas.
Sec. 518. Rural housing loan delegated processing demonstration.

TITLE VI—COMMUNITY DEVELOPMENT

Subtitle A—Community Development Block Grant Program

Sec. 601. Authorization of appropriations and guarantee authority.
Sec. 602. Management information systems.
Sec. 603. Eligible activities.
Sec. 604. Reallocations.
Sec. 605. Limitation on extent of use of loan guarantees for housing purposes.
Sec. 606. Economic development grants.
Sec. 607. Use of UDAG recaptures.
Sec. 608. Extension of certain CDBG assistance.

Subtitle B—Other Community Development Programs

Sec. 631. Neighborhood Reinvestment Corporation.
Sec. 632. John Heinz neighborhood development program.
Sec. 633. Capacity building for community development and affordable housing.
Sec. 634. Colonias assistance program.
Sec. 635. Grants for empowerment zones and enterprise communities.
Sec. 636. Use of grant amounts.

TITLE VII—REGULATORY AND MISCELLANEOUS PROGRAMS

Sec. 701. Fair housing initiatives program.
Sec. 702. HUD program monitoring and evaluation.
Sec. 703. HUD salaries and expenses.
Sec. 704. Use of technical assistance amounts by or for HUD staff.
Sec. 705. Annual report regarding repeal of unfunded programs.
Sec. 706. Requirements for participation of women in construction assisted under HUD programs.
Sec. 707. Notification of HUD funding awards.
Sec. 708. Exclusion of GNMA from HUD personnel ceilings.
Sec. 709. HUD research and development.
Sec. 710. Preventing fraud and abuse in rural rental housing program.
Sec. 711. National Institute of Building Sciences.
Sec. 712. Residential lead-based paint hazard reduction.
Sec. 713. GAO study of lead-based paint detection technologies and tenant notification procedures.
Sec. 714. Civil money penalties for violations of Home Mortgage Disclosure Act by nonsupervised mortgagees.
Sec. 715. Removal of regulatory barriers to affordable housing.
Sec. 716. New towns demonstration program for emergency relief of Los Angeles.
Sec. 717. Authorization of appropriations for public services facility.
Sec. 718. National American Indian Housing Council.
Sec. 719. Housing Assistance Council.
Sec. 720. Demonstration program for outreach to avoid disconnection of utilities.
Sec. 721. Federal Deposit Insurance Corporation affordable housing program.
Sec. 722. State agencies as sureties.

TITLE VIII—HOUSING PROGRAMS UNDER STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

Sec. 801. Short title.

Subtitle A—Housing Assistance

CHAPTER 1—REORGANIZATION OF CERTAIN MCKINNEY ACT HOUSING PROVISIONS

Sec. 811. Flexible grant program.
Sec. 812. Regulations.
Sec. 813. Transition provisions.

CHAPTER 2—OTHER HOUSING ASSISTANCE PROGRAMS FOR THE HOMELESS UNDER MCKINNEY ACT

Sec. 821. Section 8 assistance for single room occupancy dwellings.
Sec. 822. Section 8 assistance for shelter plus care single room occupancy dwellings.
Sec. 823. Rural homelessness grant program.
Sec. 824. Clerical amendment.

CHAPTER 3—MISCELLANEOUS HOMELESS HOUSING PROVISIONS

Sec. 831. Innovative homeless program.
Sec. 832. FHA single family property disposition.

Subtitle B—Interagency Council on the Homeless

Sec. 841. Authorization of appropriations.
Sec. 842. Chairperson.
Sec. 843. Extension.

Subtitle C—Federal Emergency Management Agency Food and Shelter Program

Sec. 851. Authorization of appropriations.

SEC. 2. EFFECTIVE DATE.

The provisions of this Act and the amendments made by this Act shall take effect and shall apply upon the date of the enactment of this Act, unless such provisions or amendments specifically provide for effectiveness or applicability upon another date certain.

TITLE I—HOUSING ASSISTANCE

Subtitle A—General Provisions

SEC. 101. LOW-INCOME HOUSING AUTHORIZATION.

(a) AGGREGATE BUDGET AUTHORITY.—Section 5(c)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437c(c)(6)) is amended by adding at the end the following new sentence: ''The aggregate amount of budget authority that may be obligated for assistance referred to in paragraph (7) is increased (to the extent approved in appropriation Acts) by the sum of the amounts provided in paragraph (7)(A) on October 1, 1994, and by the sum of the amounts provided in paragraph (7)(B) on October 1, 1995.''.

(b) UTILIZATION OF BUDGET AUTHORITY.—Section 5(c)(7) of the United States Housing Act of 1937 (42 U.S.C. 1437c(c)(7)) is amended by striking the paragraph designation and all that follows through the end of subparagraph (B) and inserting the following:

''(7)(A) Using the additional budget authority provided under paragraph (6) and the balances of budget authority that become available during fiscal year 1995, the Secretary shall, to the extent approved in appropriation Acts, reserve authority to enter into obligations aggregating—

''(i) for public housing grants under subsection (a)(2), not more than $861,000,000, of which amount

not more than $263,000,000 shall be available for Indian housing;

"(ii) for assistance under section 8, not more than $2,674,000,000, of which not more than $75,000,000 shall be available for assistance under section 8 for family unification under subsection (q)(3) of such section;

"(iii) for assistance under section 5(j)(2) for substantial redesign, reconstruction, and redevelopment of existing obsolete public housing projects and buildings, not more than $114,000,000;

"(iv) for comprehensive improvement assistance grants under section 14(k), not more than $3,230,000,000;

"(v) for assistance under section 8 for property disposition, not more than $733,000,000;

"(vi) for assistance under section 8 for loan management, not more than $150,000,000;

"(vii) for extensions of contracts expiring under section 8, $5,092,000,000 which shall be for 5-year contracts for assistance under section 8 and vouchers under section 8(o) (as in effect before the date of the enactment of this Act) and for loan management assistance under such section;

"(viii) for amendments to contracts under section 8, such sums as may be necessary;

"(ix) for public housing lease adjustments and amendments, such sums as may be necessary;

"(x) for assistance under section 18(g) for replacement housing for units demolished or disposed of under section 18, not more than $333,450,000;

"(xi) for conversions from leased housing contracts under section 23 of this Act (as in effect immediately before the enactment of the Housing and Community Development Act of 1974) to assistance under section 8, such sums as may be necessary; and

"(xii) for grants under section 24 for revitalization of severely distressed public housing, not more than $500,000,000.

"(B) Using the additional budget authority provided under paragraph (6) and the balances of budget authority that become available during fiscal year 1996, the Secretary shall, to the extent approved in appropriation Acts, reserve authority to enter into obligations aggregating—

"(i) for public housing grants under subsection (a)(2), not more than $862,000,000, of which amount not more than $264,000,000 shall be available for Indian housing;

"(ii) for assistance under section 8, not more than $2,800,000,000, of which not more than $75,000,000 shall be available for assistance under section 8 for family unification under subsection (q)(3) of such section;

"(iii) for assistance under section 5(j)(2) for substantial redesign, reconstruction, and redevelopment of existing obsolete public housing projects and buildings, not more than $120,000,000;

"(iv) for comprehensive improvement assistance grants under section 14(k), not more than $3,241,000;

"(v) for assistance under section 8 for property disposition, not more than $800,000,000;

"(vi) for assistance under section 8 for loan management, not more than $155,000,000;

"(vii) for extensions of contracts expiring under section 8, $6,000,000,000 which shall be for 5-year contracts for assistance under section 8 and vouchers under section 8(o) (as in effect before the date of the enactment of the Housing and Community Development Act of 1994) and for loan management assistance under such section;

"(viii) for amendments to contracts under section 8, such sums as may be necessary;

"(ix) for public housing lease adjustments and amendments, such sums as may be necessary;

"(x) for assistance under section 18(g) for replacement housing for units demolished or disposed of under section 18, not more than $273,600,000;

"(xi) for conversions from leased housing contracts under section 23 of this Act (as in effect immediately before the enactment of the Housing and Community Development Act of 1974) to assistance under section 8, such sums as may be necessary; and

"(xii) for grants under section 24 for revitalization of severely distressed public housing, not more than $550,000,000.".

SEC. 102. RESIDENT REPRESENTATION IN PUBLIC HOUSING AGENCIES.

(a) REPRESENTATION.—Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended—

(1) by inserting "(a) POLICY.—" after "SEC. 2.";

(2) by striking the last sentence; and

(3) by adding at the end the following new subsection:

"(b) GOVERNANCE OF PUBLIC HOUSING AGENCIES.—

"(1) PROHIBITION.—No person may be barred from serving on the board of directors or other similar

governing body of a local public housing agency because of his or her tenancy in a low-income project.

"(2) RESIDENT MEMBERSHIP.—Each public housing agency shall have a board of directors or other similar governing body, of which not less than one-quarter of the members shall be residents of housing units administered or assisted by the agency.

"(3) CONFLICTS OF INTEREST.—The Secretary shall establish guidelines to prevent conflicts of interest on the part of resident members of the board or directors or governing body of a public housing agency. Such guidelines shall ensure that resident members are able to participate fully in policy and financial matters within the control of the board or body.

"(4) 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.

"(5) DEFINITION.—For purposes of this subsection, 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 housing unit administered or assisted by the agency.".

(b) CONFORMING AMENDMENT.—The first sentence of section 3(b)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)) is amended by inserting before the period at the end the following: ''and complies with the requirements under section 2(b)''.

SEC. 103. DETERMINATION OF MEDIAN INCOME.

(a) IN GENERAL.—Section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is amended—

(1) in the 4th sentence—

(A) by striking ''County'' and inserting ''and Rockland Counties''; and

(B) by inserting ''each'' before ''such county''; and

(2) in the last sentence—

(A) by striking ''County'' the 1st place it appears and inserting ''or Rockland Counties''; and

(B) by striking ''County'' the 2d place it appears and inserting ''and Rockland Counties''.

(b) REGULATIONS AND EFFECTIVE DATE.—The Secretary of Housing and Urban Development shall issue regulations implementing the amendments made by subsection (a) not later than the expiration of the 90-day period beginning on the date of the enactment of this Act. The regulations may not take effect until after September 30, 1993.

SEC. 104. DEFINITION OF FAMILIES.

The first sentence of section 3(b)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is amended by inserting ''or, in the case of disabled families, other household members'' after ''spouses''.

SEC. 105. FAMILY SELF-SUFFICIENCY PROGRAM.

(a) SCOPE.—Section 23(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437u(b)(3)) is amended to read as follows:

''(3) SCOPE.—Each public housing agency required to carry out a local program under this section shall make assistance under the program available in a fiscal year, subject only to the availability of amounts for such assistance, to a number of families who are assisted by the agency under section 8 or reside in public housing of the agency that is equivalent to the sum of—

''(A) the increase for such year in the number of families assisted under section 8 (as compared to the preceding year); and

''(B) the increase for such year in the number of public housing dwelling units made available by the agency (as compared to the preceding year).''.

(b) VOLUNTARY ESCROW SAVINGS ACCOUNT.—Section 23(d) of the United States Housing Act of 1937 (42 U.S.C. 1437u(d)) is amended—

(1) in paragraph (2)—

(A) in the 1st sentence, by striking ''shall'' and inserting ''may'';

(B) in the 2d sentence, by inserting after ''area median income'' the following: ''that choose to escrow amounts under this paragraph'';

(C) in the 2d sentence, by striking ''shall'' and inserting ''may''; and

(D) by striking the 3d and 4th sentences and inserting the following new sentence: ''Amounts in the escrow account may be withdrawn by the participating family upon the successful performance of the obligations of the family under the contract of participation entered into by the family under subsection (c), as determined according to the specific goals and terms included in the contract, and under other circumstances, as determined by the public housing agency with the approval of the Secretary.''; and

(2) by striking the 2d sentence of paragraph (3) and inserting the following new sentence: ''The plan may require the establishment of escrow savings ac-

counts under paragraph (2), a description of the procedures for release of escrowed amounts, and any other incentives designed by the public housing agency.''.

(c) SERVICE COORDINATORS.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(1) in the last sentence of subsection (b)(1), by inserting ''under section 671 of the Housing and Community Development Act of 1992'' after ''service coordinator''; and

(2) in subsection (h)—

(A) in paragraph (2), by striking ''(including the costs of employing a full-time service coordinator)''; and

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

''(3) CONTRACT ADJUSTMENTS FOR SERVICE COORDINATORS.—If, in providing rental assistance under section 8 of the United States Housing Act of 1937 for a public housing agency carrying out a local program under this section in any fiscal year, the Secretary increases the amount provided for the agency so that the number of families assisted by the agency in the year is greater than the number of families

assisted in the preceding year, the Secretary may increase the amount annually provided for the agency to provide for the costs of employing or otherwise retaining the services of one or more service coordinators referred to in subsection (b)(1) of this section. The Secretary may also, under any existing contract for assistance under section 8, include the cost of employing such service coordinators to the extent that amounts for amendments to such contracts are available.''.

(d) REPEAL OF INCENTIVE AWARD ALLOCATION.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(1) by striking subsection (i); and

(2) by redesignating subsections (j) through (o) as subsections (i) through (n), respectively.

(e) TECHNICAL AMENDMENT.—Section 23(h)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437u(h)(2)) is amended by striking the last sentence.

SEC. 106. USE OF AMOUNTS IN HEADQUARTERS RESERVE.

(a) USE FOR FAIR HOUSING ACTIVITIES.—Section 213(d)(4)(A) of the Housing and Community Development Act of 1974 (42 U.S.C. 1439(d)(4)(A)) is amended—

(1) in clause (iii), by striking ''and'' at the end;

(2) in clause (iv) by striking the period at the end and inserting a semicolon; and

(3) by inserting after clause (iv) the following new clauses:

''(v) fair housing activities and cash payments, in connection with the settlement of civil rights litigation (excluding litigation brought by an employee or former employee of the Secretary); and

''(vi) in the case of financial assistance under the rental housing assistance program under section 8 of the United States Housing Act of 1937, providing assistance pursuant to section 8(q)(4) of such Act.''.

(b) AVAILABILITY OF PUBLIC HOUSING AND SECTION 8 AMOUNTS.—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by adding at the end the following new subsection:

''(m) USE OF AMOUNTS UNDER HEADQUARTERS RESERVE.—Any amounts appropriated for public housing development or assistance under section 8, that are retained by the Secretary in accordance with section 213(d)(4)(A) of the Housing and Community Development Act of 1974, may be used for any of the activities specified in clauses (i) through (v) of such section.''.

(c) USE OF SECTION 8 ASSISTANCE FOR PORTABILITY AND NEIGHBORHOOD CRIME FIGHTERS.—Section 213(d)(4) of the Housing and Community Development Act of 1974 is amended by adding at the end the following new subparagraphs:

''(C) Of any financial assistance for the rental housing assistance program under section 8 of the United States Housing Act of 1937 that is reserved pursuant to subparagraph (A), 5 percent shall be reserved for use only for the purposes of providing assistance pursuant to section 8(o)(6) of such Act.

''(D) In addition to any financial assistance for the rental housing assistance program under section 8 of the United States Housing Act of 1937 that is reserved pursuant to subparagraphs (A) and (C), the Secretary shall reserve not more than an additional $15,000,000 of any financial assistance that becomes available under such program during each of fiscal years 1995 and 1996 and such additional amounts may be used only for the purpose under clause (vi) of subparagraph (A).''.

Subtitle B—Public and Indian Housing

SEC. 111. PUBLIC HOUSING RENT REFORM.

(a) CEILING RENTS.—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i), by striking ''and approved by the Secretary''; and

(B) by striking clause (iii) and inserting the following new clause:

''(iii) at the election of such agency, is—

''(I) not less than the average monthly amount of debt service and operating expenses attributable to dwelling units of similar size in public housing projects owned and operated by such agency;

''(II) not less than the reasonable rental value of the unit, as determined by the agency; or

''(III) not less than the local market rent determined by the agency for comparable units of similar size pursuant to the procedures prescribed by the Secretary for determining rent

reasonableness under the program for rental certificate assistance under section 8(b).'';

(2) by redesignating subparagraph (B) as subparagraph (D); and

(3) by inserting after subparagraph (A) the following new subparagraphs:

''(B) Any ceiling rents established by a public housing agency pursuant to this paragraph may be adjusted by the agency.

''(C)(i) Any ceiling rents established pursuant to subclause (I) or (III) of subparagraph (A)(iii) shall take effect at the discretion of the public housing agency.

''(ii) Any ceiling rents established pursuant to subclause (II) of subparagraph (A)(iii) may not take effect before the issuance of regulations to carry out such subclause, which shall be issued by the Secretary not later than 180 days after the date of the enactment of the Housing and Community Development Act of 1994.

''(iii) Before the effectiveness of regulations under clause (ii), an agency shall determine the reasonable rental value of unit for purposes of subclause (II) of subparagraph (A)(iii) based upon (I) in a project of 50 or more units for which such ceiling rents are being established, the 95th percentile of rents paid for all units in the project, (II) in a group of comparable projects for which such ceiling rents

are being established that consists of a total of 50 or more units, all units in the projects, and (III) in a group of at least 50 comparable units for which such ceiling rents are being established, all units in the group.''.

(b) EXCLUSIONS FROM ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended—

(1) in subparagraph (C)—

(A) by striking ''and'' before ''(ii)''; and

(B) by inserting before the semicolon at the end the following; ''; and (iii) to the extent documented by the family, the amount paid by the family for health insurance coverage and any other nonreimbursed out-of-pocket medical expenses for any members of the family residing in the household who, at the time, are not receiving or approved to receive any assistance for health care from the Federal Government or any State government, except that this clause shall apply only to families residing in public housing'';

(2) in subparagraph (E), by inserting before the semicolon at the end the following: '', except that in the case of a family residing in public housing the amount excluded under this subparagraph shall be 20 percent of the earned income of the family remaining

after excluding any amounts pursuant to subparagraph (H)'';

(3) in subparagraph (F), by striking ''and'' at the end;

(4) in subparagraph (G), by striking the period at the end and inserting a semicolon; and

(5) by adding at the end the following new subparagraphs:

''(H) in the case of a family residing in public housing, any earned income of any formerly dependent child who is a member of the family residing in the family's dwelling unit during the period beginning on the date of the first redetermination of the rent for and family composition of the family that occurs after the child reaches 18 years of age and ending upon the date of the first such redetermination occurring after he or she reaches 21 years of age; and

''(I) in the case of 2-parent families with children (as defined by the Secretary by regulation) who reside in public housing, an amount (in addition to any amounts excluded under subparagraphs (E) and (H)) not to exceed 10 percent of any earned income of the family.''.

(c) EXCLUSION OF EARNED INCOME OF RESIDENTS WHO OBTAIN EMPLOYMENT FROM RENT DETERMINATIONS.—

(1) IN GENERAL.—Section 3(a) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)) is amended—

(A) in the third sentence of paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)''; and

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

''(3) OPTIONAL EXCLUSION OF EARNED INCOME FROM RENT DETERMINATION FOR FAMILIES PREVIOUSLY UNEMPLOYED.—Notwithstanding any other provision of law, a public housing agency may provide (at the option of a public housing agency) that, for all units in public housing administered by the agency, the rent payable under subsection (b) for any such unit occupied 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, may not—

''(A) be increased as a result of the increased income due to such employment during the period that begins upon the commencement of such employment and ends upon the second annual redetermination of

the rent for and family composition of the family occurring thereafter;

"(B) during any 12-month period occurring during the 36 months succeeding the expiration of the period under subparagraph (A) for the family, be increased due to the continued employment of such family member by more than one-third of the difference between (i) the rent being paid by the family upon expiration of such period, and (ii) the amount of rent that the family would pay but for the applicability of this paragraph; and

"(C) in any case, exceed the amount determined under paragraph (1) or (2).";

(d) EXCLUSION FROM INCOME OF EARNINGS FROM JOB TRAINING AND SELF-SUFFICIENCY PROGRAMS.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(1) in subsection (b)(4), by inserting before the period at the end the following: ", and except that the earnings of and benefits to any public housing resident resulting from enrollment and participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of this Act, the Job Training Partnership Act, Subtitle D of title IV of

the Cranston-Gonzalez National Affordable Housing Act, part F of title IV of the Social Security Act, or any comparable Federal, State, or local law shall not be considered as income for the purposes of determining a limitation on the amount of rent paid by the resident during the period that the resident enrolls and participates in such program''; and

(2) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act).

(e) APPLICABILITY.—Notwithstanding the amendments made by this section, 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 added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625; 104 Stat. 4199)), as such paragraph existed before the date of enactment of this Act, shall continue to be governed by such authority.

(f) PERFORMANCE FUNDING SYSTEM.—Section 9(a)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437g(a)(3)(B)) is amended—

(1) in clause (iv), by striking ''and'' at the end;

(2) in (v), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following new clause:

''(vi) the amount of any reduced revenue resulting from the exclusion of income of public housing residents pursuant to section 3(b)(5)(E) shall be calculated and included in the amount of the payment received under this section by the public housing agency administering the public housing in which such residents reside;''.

(g) EFFECTIVE DATE.—The amendments under this section shall take effect on the earlier of—

(1) date of the effectiveness of the regulations under subsection (i); or

(2) the expiration of the 120-day period beginning on the date of the enactment of this Act.

(h) REGULATIONS.—The Secretary shall issue any final regulations necessary to implement the amendments made by this section, which shall take effect not later than the expiration of the 120-day period beginning on the date of the enactment of this Act. The regulations shall be issued after notice and opportunity for public comment in accordance with the procedures under section 553 of title 5, United

States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).

SEC. 112. SALE OF PUBLIC HOUSING TO NON-PROFIT INTERMEDIARIES.

The first sentence of section 5(h) of the United States Housing Act of 1937 (42 U.S.C. 1437c(h)) is amended by striking ''its lower income tenants'' and inserting: ''low-income families residing in public housing or to non-profit organizations for resale to low-income families residing in public housing''.

SEC. 113. MAJOR RECONSTRUCTION OF OBSOLETE PROJECTS.

(a) ASSISTANCE FOR RECONSTRUCTION.—Section 5(j)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437c(j)(2)) is amended—

(1) in subparagraph (A), by striking ''Notwithstanding'' and all that follows through ''fiscal year'' and inserting the following: ''The Secretary may provide assistance under this paragraph'';

(2) in subparagraph (C), by striking ''reserved'' and inserting ''made available for assistance'';

(3) in subparagraph (F)(i), by striking ''reserved or''; and

(4) in subparagraph (G)(i), by striking ''reserved under subparagraph (A)'' and inserting ''made available for use under this paragraph''.

(b) SET-ASIDE FOR DISABLED FAMILIES.—Section 5(j)(2)(G)(i) of the United States Housing Act of 1937 (42 U.S.C. 1437c(j)(2)(G)(i)) is amended by striking ''fiscal years 1993 and 1994'' and inserting ''fiscal years 1995 and 1996''.

SEC. 114. NEW CONSTRUCTION OF PROJECTS FOR DISABLED FAMILIES.

Section 5(j)(3)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437c(j)(3)(A)) is amended by striking ''fiscal years 1993 and 1994'' and inserting ''fiscal years 1995 and 1996''.

SEC. 115. RECAPTURE OF PUBLIC HOUSING DEVELOPMENT AMOUNTS.

Section 5(k) of the United States Housing Act of 1937 (42 U.S.C. 1437c(k)) is amended by adding before the period at the end of the first sentence the following: '', unless the Secretary finds that there is no feasible way for the agency to begin construction or rehabilitation, or to complete acquisition, within such period''.

SEC. 116. REPEAL OF LEAST-COST LIMITATION ON PUBLIC HOUSING NEW CONSTRUCTION.

Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended by striking subsection (h).

SEC. 117. REGULATORY RELIEF AND PAPERWORK REDUCTION FOR HIGH-PERFORMING PUBLIC HOUSING AGENCIES.

(a) WAIVER OF RULES AND REPORTS.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended by adding at the end the following new paragraph:

''(5)(A) Except as provided in subparagraph (B), the Secretary may, for public housing agencies designated pursuant to this subsection as high performing public housing agencies with respect to a fiscal year, waive (by regulation issued under subparagraph (C)) the applicability for the ensuing fiscal year of regulatory requirements otherwise applicable to public housing agencies to the extent appropriate, as determined by the Secretary, to facilitate more efficient operation of such agencies.

''(B) The Secretary may not waive the applicability of any provision—

''(i) limiting occupancy of public housing to low-income families;

''(ii) under section 18 requiring replacement of units in the case of demolition or disposition;

"(iii) under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

"(iv) that prohibits, or the purpose of which is to protect persons against, discrimination on the basis of race, color, religion, sex, marital status, national origin, age, or handicap, or that relates to fair housing or equal opportunity; or

"(v) under chapter 75 of title 31, United States Code.

"(C) During fiscal year 1995, the Secretary shall publish in the Federal Register a proposed rule providing for the waiver of the regulations to be waived pursuant to this paragraph and identifying such regulations. The Secretary shall publish such proposed rule at a time determined by the Secretary to be sufficient to provide notice and an opportunity for public comment before issuance of a final rule under this paragraph. Such final rule shall be issued not later than August 31, 1995.".

(b) RETENTION BY PHA'S OF SAVINGS FROM EFFICIENT MANAGEMENT.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

"(e) TREATMENT OF SAVINGS.—

"(1) IN GENERAL.—Any income generated by a high-performing public housing agency that exceeds

the income estimated by the agency to be generated, according to the agency's annual operating budget, shall be excluded in subsequent years in calculating the amount of the operating subsidy provided under section 9 to the high-performing public housing agency. Such savings shall be retained by the agency for other housing purposes.

''(2) HIGH-PERFORMING PUBLIC HOUSING AGENCY.—For purposes of paragraph (1), the term 'high-performing public housing agency' means, with respect to a year, a public housing agency that has been designated pursuant to subsection (j) as a high performing public housing agency for the last fiscal year ending before the commencement of such year.''.

SEC. 118. STANDARDS FOR LEASE TERMINATION AND EXPEDITED GRIEVANCE PROCEDURE.

Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended—

(1) in subsection (k), in the first sentence of the matter following paragraph (6), by striking ''criminal'' the first place it appears; and

(2) in subsection (l)(5), by striking ''criminal'' the first place it appears.

SEC. 119. AVAILABILITY OF CRIMINAL CONVICTION INFORMATION FOR SCREENING AND EVICTIONS.

Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended by adding at the end the following new subsection:

"(q) AVAILABILITY OF CRIMINAL RECORDS.—

"(1) AVAILABILITY.—Notwithstanding any other provision of Federal, State, or local law, upon the request of any public housing agency, the National Crime Information Center, police departments, and any other law enforcement entities shall provide information to the agency regarding the criminal convictions of applicants for, or residents of, public housing for the purpose of applicant screening, lease enforcement, and eviction. A public housing agency may pay a reasonable fee for such information.

"(2) CONTENT.—The information provided under paragraph (1) shall include information regarding convictions for any felony and convictions for certain misdemeanors, including crimes of violence, destruction of property, use, sale, or distribution of controlled substances, illegal possession or use of firearms, and hate crimes. Such information may not include information regarding any criminal conviction of such an applicant or resident for any act (or failure to act) occurring before the applicant or resident

reached 18 years of age or information regarding any criminal conviction of such an applicant or resident occurring more than 10 years before the request under this subsection is made by the public housing agency.

"(3) USE.—A public housing agency receiving information under this subsection may use such information only for the purposes provided in this subsection and such information may not be disclosed to any person who is not an officer or employee of the public housing agency. The Secretary shall, by regulation, establish procedures necessary to ensure that information provided to a public housing agency under this subsection is used, and confidentiality of such information is maintained, as required under this subsection.

"(4) PENALTY.—Any person who knowingly and willfully requests or obtains any information concerning an applicant for, or resident of, public housing pursuant to the authority under this subsection 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 paragraph shall include an officer or employee of any public housing agency.

"(5) CIVIL ACTION.— Any applicant for, or resident of, public housing affected by (A) a negligent or knowing disclosure of information referred to in this section about such person by an officer or employee of any public housing agency, which disclosure is not authorized by this subsection, or (B) any other negligent or knowing action that is inconsistent with this subsection, may bring a civil action for damages and such other relief as may be appropriate against any officer or employee of any public housing agency responsible for such unauthorized action. The district court of the United States in the district in which the affected applicant or resident resides, in which such unauthorized action occurred, or in which the officer or employee 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.".

SEC. 120. DESIGNATED HOUSING.

Section 7(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437e(e)(1)) is amended—

(1) in the first sentence, by striking ''and the Secretary approves an application under this subsection for such designation''; and

(2) in the second sentence, by inserting before the period at the end the following: '', which shall provide that an application for a project (or portion of a project) shall be submitted and considered for approval in conjunction with submission and approval of the allocation plan for the project (or portion) under section 7(f)''.

SEC. 121. PUBLIC HOUSING OPERATING SUBSIDIES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 9(c) of the United States Housing Act of 1937 (42 U.S.C. 1437g(c)) is amended—

(1) in paragraph (1), by striking ''There'' and all that follows and inserting the following new sentence: ''There are authorized to be appropriated for purposes of providing annual contributions under this section $3,146,000,000 for fiscal year 1995 and $3,208,000,000 for fiscal year 1996.''.

(2) in paragraph (2), by striking ''1993 and 1994'' and inserting ''1995 and 1996''; and

(3) in paragraph (3), by striking ''1993 and 1994'' and inserting ''1995 and 1996''.

(b) ELIGIBILITY OF SEVERELY DISTRESSED PUBLIC HOUSING.—Section 9(a)(2) of the United States Housing Act of 1937 is amended—

(1) by striking ''one'' and inserting ''that is (A)''; and

(2) by inserting after ''section 8,'' the following: ''or (B) assisted under section 24 or the program authorized under (i) the third paragraph of the head, HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE GRANTS (HOPE GRANTS), of title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993, or (ii) the head, SEVERELY DISTRESSED PUBLIC HOUSING PROJECTS, of title II of the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994;''.

(c) INCLUDED COSTS.—Section 9(a)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437g(a)(3)(B)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new clauses:

''(vii) the amount of the payment received under this section by public housing agencies shall be calculated to include—

"(I) benefits (including health care and pensions, annuities, and other retirement benefits) of employees of the agency;

"(II) the amount of any reduced revenue resulting from the amendments made by subsections (b) and (c) of section 573 of the Cranston-Gonzalez National Affordable Housing Act;

"(III) maintenance deferred;

"(IV) utility costs attributable to air conditioning; and

"(V) any increased costs of security for the public housing, attributable to increases in the number of incidents of vandalism and crime in the housing; and

"(viii) the amount of the payment received under this section by a public housing agency for a fiscal year shall be determined taking into consideration the actual expenses for the agency for the preceding fiscal year.".

SEC. 122. ELIGIBLE USES OF EMERGENCY MODERNIZATION FUNDS.

Section 14(k)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437l(k)(1)) is amended—

(1) in the first sentence, by striking "$75,000,000" and inserting "$50,000,000"; and

(2) by adding at the end the following new sentence: ''The Secretary shall make any amounts reserved under this paragraph for any fiscal year that remain unobligated on September 1 of such fiscal year available for modernization needs in connection with the settlement of litigation and desegregation of public housing. Of the amounts reserved each year under this paragraph, the Secretary shall make available to the Inspector General of the Department of Housing and Urban Development not more than $5,000,000 for cost in connection with efforts to combat violent crime in public housing. Using amounts made available pursuant to the preceding sentence during fiscal years 1995 and 1996, the Secretary shall provide amounts in each such fiscal year for the continuation of the drug elimination activities under Project Nos. IA05PO98003004 and IA05DEP0980193.''.

SEC. 123. USE OF MODERNIZATION FUNDS FOR REPLACEMENT HOUSING.

(a) IN GENERAL.—Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is amended by adding at the end the following new subsection:

''(q) USE OF AMOUNTS FOR REPLACEMENT HOUSING.—

"(1) AUTHORITY.—A public housing agency may use assistance under this section to provide replacement housing as required by section 18 by developing additional housing under this Act, in accordance with requirements applicable to the development of public housing, but only if the cost of providing such housing (not including costs of demolition) is more cost effective than the cost of modernization of the housing proposed to be replaced.

"(2) LIMITATION ON AMOUNT.—In any fiscal year, a public housing agency may not use more than 50 percent of any assistance provided to the agency under this section for the fiscal year for providing replacement housing pursuant to this section.

"(3) REQUIREMENTS.—A public housing agency may use assistance under this section as provided in subsection (a) only if the replacement of units is included in the replacement plan of the agency.".

(b) AVAILABLE REPLACEMENT HOUSING.—Section 14(c)(1) of the United States Housing Act of 1937 is amended by inserting before the semicolon the following: "or, only in the case of assistance used as provided under subsection (q), housing or units in housing owned (or leased for a period to be determined by the Secretary) by a part-

nership of a public housing agency and other entity in which the agency has a controlling interest''.

SEC. 124. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) is amended to read as follows:

''DEMOLITION AND DISPOSITION OF PUBLIC HOUSING

''SEC. 18. (a) CONDITION OF HOUSING.—The Secretary may approve an application by a public housing agency for permission to demolish or dispose of a public housing project or a portion of a public housing project only if the Secretary has determined that—

''(1) in the case of—

''(A) an application proposing demolition of a public housing project or a portion of a public housing project, the project or portion of the project is obsolete as to physical condition, location, or other factors, and it is more cost effective to replace the project or portion of the project than to rehabilitate the project or portion of the project; or

''(B) an application proposing the demolition of only a portion of a project, the demolition will help to assure the remaining useful life of the remaining portion of the project;

"(2) in the case of an application proposing disposition of real property of a public housing agency by sale or other transfer—

"(A)(i) the property's retention is not in the best interests of the tenants or the public housing agency because (I) developmental changes in the area surrounding the project adversely affect the health or safety of the tenants or the feasible operation of the project by the public housing agency, (II) disposition will allow the acquisition, development, or rehabilitation of other properties which will be more efficiently or effectively operated as low-income housing and which will preserve the total amount of low-income housing stock available in the community or housing sufficient to address the needs of the community as described in the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act, or (III) because of other factors which the Secretary determines are consistent with the best interests of the tenants and public housing agency and which are not inconsistent with other provisions of this Act; and

"(ii) for property other than dwelling units, the property is excess to the needs of a project or the disposition is incidental to, or does not interfere with, continued operation of a project; and

"(B) the net proceeds of the disposition will be used for (i) the payment of development costs for the replacement housing and for the retirement of outstanding obligations issued to finance original development or modernization of the project, which, in the case of scattered-site housing of a public housing agency, shall be in an amount that bears the same ratio to the total of such costs and obligations as the number of units disposed of bears to the total number of units of the project at the time of disposition, and (ii) to the extent that any proceeds remain after the application of proceeds in accordance with clause (i), the provision of housing assistance for low-income families through such measures as modernization of low-income housing, or the acquisition, development, or rehabilitation of other properties to operate as low-income housing; or

"(3) in the case of an application proposing demolition or disposition of any portion of a public

housing project, assisted at any time under section 5(j)(2)—

"(A) such assistance has not been provided for the portion of the project to be demolished or disposed within the 10-year period ending upon submission of the application; or

"(B) the property's retention is not in the best interest of the tenants or the public housing agency because of changes in the area surrounding the project or other circumstances of the project, as determined by the Secretary.

"(b) TENANT INVOLVEMENT AND REPLACEMENT HOUSING.—The Secretary may approve an application or furnish assistance under this section or under this Act only if the following requirements are met:

"(1) TENANT CONSULTATION AND EMPLOYMENT.—The application from the public housing agency—

"(A) has been developed in consultation with tenants and tenant councils, if any, who will be affected by the demolition or disposition;

"(B) includes a plan to employ public housing tenants in construction or rehabilitation to the extent practicable, pursuant to section 3 of

the Housing and Urban Development Act of 1968; and

"(C) contains a certification by appropriate local government officials that the proposed activity is consistent with the applicable comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act.

"(2) RELOCATION ASSISTANCE.—All tenants to be relocated as a result of the demolition or disposition will be provided assistance by the public housing agency and are relocated to other decent, safe, sanitary, and affordable housing, which is, to the maximum extent practicable, housing of their choice, including housing assisted under section 8 of this Act.

"(3) REPLACEMENT HOUSING.—The public housing agency has developed a plan that provides for additional decent, safe, sanitary, and affordable dwelling unit for each public housing dwelling unit to be demolished or disposed under such application or provides additional dwelling units sufficient to address the needs and demographic characteristics of the number of applicants on the waiting list of the agency equal to the number of units to be demolished or disposed of or the needs of the community as described

in the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act, which plan—

"(A) provides for the provision of such additional dwelling units through—

"(i) the acquisition or development of additional public housing dwelling units, which may be units in housing owned (or leased for a period to be determined by the Secretary) by a partnership of a public housing agency and other entity in which the agency has a controlling interest;

"(ii) the use of 15-year project-based assistance under section 8;

"(iii) in the case of an application proposing demolition or disposition of 200 or more units, the use of tenant-based assistance under section 8 having a term of not less than 5 years;

"(iv) units acquired or otherwise provided for homeownership (including cooperative and condominium interests) by public housing residents under section 5(h), subtitle B or C of title IV of the Cranston-Gonzalez National Affordable Housing Act, or

other programs for homeownership that have program requirements substantially equivalent to the requirements established under section 605 of the Housing and Community Development Act of 1987;

''(v) affordable housing homeownership units assisted under title II of the Cranston-Gonzalez National Affordable Housing Act and sold to public housing residents;

''(vi) rental units that are (I) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (II) assisted under a State or local rental assistance program that provides for rental assistance over a term of not less than 15 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8, except that this subclause shall only apply in cases provided under subparagraph (C);

''(vii) housing assisted by a tax credit under section 42 of the Internal Revenue Code;

"(viii) housing acquired from the Resolution Trust Corporation or the Federal Deposit Insurance Corporation;

"(ix) housing acquired under section 203 of the Housing and Community Development Amendments of 1978;

"(x) other manners approved by the Secretary; or

"(xi) any combination of such methods;

"(B) in the case of an application proposing demolition or disposition of 200 or more units, shall provide that—

"(i) not less than 50 percent of such additional dwelling units shall be provided through the acquisition or development of additional dwelling units or through project-based assistance; and

"(ii) not more than 50 percent of such additional dwelling units shall be provided through tenant-based assistance under section 8 having a term of not less than 5 years;

"(C) if it provides for the use of tenant-based assistance provided under section 8 or otherwise, may be approved—

"(i) only after a finding by the Secretary that replacement with project-based assistance is not feasible, and the supply of private rental housing actually available to those who would receive such assistance under the plan is sufficient for the total number of families in the community assisted with tenant-based assistance after implementation of the plan and that such supply is likely to remain available for the full term of the assistance; and

"(ii) only if such finding is based on objective information, which shall include rates of participation by landlords in the section 8 program, size, conditions and rent levels of available rental housing as compared to section 8 standards, the supply of vacant existing housing meeting the section 8 housing quality standards with rents at or below the fair market rental, the number of eligible families waiting for public housing or housing assistance under section 8, and the extent of discrimination against the types of individuals or families to be served by the assistance;

"(D) may provide that all or part of such additional dwelling units may be located outside the jurisdiction of the public housing agency (in this subparagraph referred to as the 'original agency') if—

"(i) the location is in the same housing market area as the original agency, as determined by the Secretary; and

"(ii) the plan contains an agreement between the original agency and the public housing agency in the alternate location or other public or private entity that will be responsible for providing the additional units in the alternate location that such alternate agency or entity will, with respect to the dwelling units involved—

"(I) provide the dwelling units in accordance with subparagraph (A);

"(II) complete the plan on schedule in accordance with subparagraph (F);

"(III) meet the requirements of subparagraph (G) of this paragraph and the maximum rent provisions of subparagraph (H);

"(IV) not impose a local residency preference on any resident of the jurisdiction of the original agency for purposes of admission to any such units; and

"(V) allow that preference for admission to any such additional units may be provided to residents of the severely distressed public housing dwelling units replaced under this subparagraph pursuant to section 24;

"(E) includes a schedule for completing the plan within a period consistent with the size of the proposed demolition or disposition and replacement plan, which—

"(i) shall not exceed 6 years, except that the Secretary may extend the schedule to not more than 10 years if the Secretary determines that good cause exists to extend the implementation of the replacement plan under this subsection; and

"(ii) the demolition or disposition under the plan can occur in phases necessary to provide for relocation of tenants under paragraph (2);

"(F) includes a method of ensuring that the same number of individuals and families will be provided housing;

"(G) provides for the payment of the relocation expenses of each tenant to be displaced and ensures that the rent paid by the tenant following relocation will not exceed the amount permitted under this Act; and

"(H) prevents the taking of any action to demolish or dispose of any unit until the tenant of the unit is relocated to decent, safe, sanitary, and affordable housing; and

"(I) permits the Secretary to intervene and take any actions necessary to complete the plan if the public housing agency fails, without good cause, to carry out its obligations under the plan.

"(c) LIMITATION ON DEMOLITION AND EXEMPTION.—

"(1) MAXIMUM PERCENTAGE.—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 an additional dwelling unit for each such public housing dwelling

unit to be demolished, but only if the space occupied by the demolished unit is used for meeting the service or other needs of public housing residents.

"(2) SITE AND NEIGHBORHOOD STANDARDS EXEMPTION.—Notwithstanding any other provision of law, a replacement plan under subsection (b)(3) may provide for demolition of public housing units and replacement of such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished and the balance of replacement units are provided elsewhere in the jurisdiction or pursuant to subsection (b)(3)(D).

"(d) TREATMENT OF REPLACEMENT UNITS.—With respect to any dwelling units developed, acquired, or leased by a public housing agency pursuant to a replacement plan under subsection (b)(3)—

"(1) assistance may be provided under section 9 for such units; and

"(2) such units shall be available for occupancy, operated and managed in the manner required for public housing, and shall be subject to the other requirements applicable to public housing dwelling units.

"(e) APPROVAL OF APPLICATIONS.—

"(1) IN GENERAL.—The Secretary shall notify a public housing agency submitting an application under this section for demolition or disposition and replacement of a public housing project or portion of a project of the approval or disapproval of the application not later than 60 days after receiving the application. If the Secretary does not notify the public housing agency as required under this paragraph or paragraph (2), the application shall be considered to have been approved.

"(2) DISAPPROVAL AND RESUBMISSION.—If the Secretary disapproves an application, the Secretary shall specify in the notice of disapproval the reasons for the disapproval and the agency may resubmit the application as amended or modified.

"(3) ANNUAL REPORT.—The Secretary shall submit a report to the Congress annually describing for the year the applications under this section approved and disapproved, the number, general condition, and location of units demolished or disposed of, and the number, general condition, location and method of provision of units of replacement housing provided pursuant to this section.

"(f) ACTION BEFORE APPROVAL OF APPLICATION.—

"(1) PROHIBITED ACTION.—A public housing agency shall not take any action to demolish or dispose of a public housing project or a portion of a public housing project without obtaining the approval of the Secretary and satisfying the conditions specified in subsections (a) and (b).

"(2) ALLOWABLE RELOCATION.—A public housing agency may relocate tenants of public housing into other dwelling units before the approval of an application under this section for demolition or disposition or prior to implementing a plan for modernization under section 14 or 24, if units to be demolished or disposed of are not decent, safe, and sanitary, or if the units to be rehabilitated can not be maintained cost-effectively in a decent, safe, and sanitary condition.

"(g) ASSISTANCE FOR REPLACEMENT HOUSING.—The Secretary may provide assistance under this subsection for—

"(1) providing replacement public housing units pursuant to subsection (b)(3)(A) for units demolished or disposed of pursuant to this section; and

"(2) providing assistance under section 8 for replacement housing pursuant to subsection (b)(3)(A)

for units demolished or disposed of pursuant to this section.

"(h) INAPPLICABILITY TO PUBLIC HOUSING HOMEOWNERSHIP PROGRAM.—The provisions of this section shall not apply to the disposition of a public housing project in accordance with an approved homeownership program under title III of this Act.

"(i) EXCEPTION TO REPLACEMENT RULE.—

"(1) REQUIREMENTS FOR WAIVER.—The Secretary shall waive the applicability of the provisions of subsection (b)(3) with respect to any application under this section by a public housing agency for the demolition or disposition of public housing dwelling units if—

"(A) the Secretary determines, based on information provided by the public housing agency in the application and the request under paragraph (2), that—

"(i) the requirements under subsection (b)(3) are preventing or interfering with the development or acquisition of new public housing dwelling units by the agency;

"(ii) the long-term goal of the agency in requesting the waiver under this subsection is to increase the number of habit-

able public housing dwelling units of the agency;

"(iii) maintaining and operating the dwelling units to be demolished or disposed of is not cost effective; and

"(iv) sufficient financial assistance is not, and will not be, available to the public housing agency to rehabilitate or replace all or some of the units;

"(B) the Secretary determines that replacing the dwelling units to be demolished or disposed under the application is unnecessary because other affordable housing is available in the area in which the units are located, and in making such determination the Secretary shall consider the assessment submitted by the public housing agency under paragraph (2)(C); and

"(C) the public housing agency requests a waiver under this subsection in accordance with the requirements under paragraph (2).

"(2) REQUEST FOR WAIVER.—To be eligible for a waiver under this subsection, a public housing agency shall submit to the Secretary a request for a waiver under this subsection that includes—

"(A) a comprehensive plan for demolition, disposition, and replacement that describes additional dwelling units to be made available by the public housing agency;

"(B) an identification of the dwelling units for which the waiver is requested; and

"(C) an assessment of the need of replacing such dwelling units including the unit size, age, general condition, and length of time such units have been vacant, the condition of the neighborhood in which the dwelling units are located, and the availability of dwelling units affordable to low-income families within the jurisdiction in which the dwelling units are located, during the implementation of the replacement plan.

"(3) SUBMISSION TO SECRETARY.—A request for a waiver under this subsection may be submitted at any time. The request shall be submitted to the Secretary by certified mail or any other equivalent means that provides notification to the public housing agency making the request of the date of receipt by the Secretary.

"(4) NOTICE OF DISPOSITION OF REQUEST.—Except as provided in paragraph (5), the Secretary shall notify a public housing agency requesting a waiver

under this section of the approval or disapproval of the request not later than 45 days after receiving the request. If the Secretary does not notify the public housing agency as required under this paragraph or paragraph (5), the request for a waiver shall be considered to have been approved.

"(5) REQUEST FOR ADDITIONAL INFORMATION.—If the Secretary determines that more information is needed to make the determinations under paragraph (1) than has been provided by the public housing agency, the Secretary shall notify the agency in writing not later 30 days after receiving the request for the waiver that additional information is necessary. Such notice shall describe specifically the additional information required for the determinations and establish a deadline for the submission of the information by the agency, which shall be determined based on the difficulty of obtaining the information requested. If the agency submits such additional information requested before the deadline established in the notice under this paragraph, the Secretary shall notify the agency requesting the waiver that the request is approved or disapproved not later than 30 days after the submission of such additional information.

"(6) STATEMENT OF REASONS FOR DENYING OR APPROVING REQUEST.—The Secretary shall include, in each notice under paragraph (4) or (5) of the denial or approval of a request for a waiver under this subsection, the specific reasons for denying or approving the request. The denial of any request for a waiver for public housing dwelling units shall not prejudice the consideration of any other subsequent request for such a waiver for any of such dwelling units.".

SEC. 125. PUBLIC HOUSING RESIDENT OPPORTUNITY.

Section 20 of the United States Housing Act of 1937 (42 U.S.C. 1437r) is amended—

(1) by striking the section heading and inserting the following new section heading:

"RESIDENT OPPORTUNITY PROGRAM";

(2) in the first 2 sentences of subsection (b), by striking "resident management program" each place it appears and inserting "resident opportunity program"; and

(3) in subsection (f)—

(A) by striking "RESIDENT MANAGEMENT TECHNICAL ASSISTANCE AND TRAINING" and inserting "RESIDENT OPPORTUNITY ASSISTANCE";

(B) in paragraph (1), by adding at the end the following new sentence: "In addition, the Secretary may provide financial assistance to

resident management corporations or resident councils for activities sponsored by resident organizations for job training, economic development, security, and other self-sufficiency activities beyond those related to the management of public housing.'';

(C) in paragraph (2), by striking ''$100,000'' and inserting ''$250,000'';

(D) by striking paragraph (3) and inserting the following new paragraph:

''(3) FUNDING.—Of any amounts made available for financial assistance under section 14, the Secretary may use to carry out this subsection $25,000,000 for fiscal year 1995 and $25,000,000 for fiscal year 1996.'';

(E) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively;

(F) by inserting after paragraph (1) the following new paragraph:

''(2) OTHER USES OF ASSISTANCE.—The Secretary may use amounts available to carry out this subsection to enter into contracts with—

''(A) various entities for monitoring, evaluation, technical assistance, and information

dissemination in connection with activities under this subsection; and

''(B) resident organizations and public or private entities for activities that support the economic development and increased self-sufficiency of public housing residents.

Eligible activities related to economic development and self-sufficiency may include programs for counseling, treatment for substance abuse, child care, remedial education, job training, and development of resident businesses.''.

SEC. 126. PUBLIC HOUSING FAMILY INVESTMENT CENTERS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 22(k) of the United States Housing Act of 1937 (42 U.S.C. 1437t(k)) is amended to read as follows:

''(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996.''.

(b) PURPOSES.—Section 22(a) of the United States Housing Act of 1937 (42 U.S.C. 1437t(a)) is amended—

(1) in the matter preceding paragraph (1) by inserting before ''to provide'' the following: ''to provide job training and employment services to public housing residents in connection with public and private

sector jobs generated by construction, modernization, maintenance, and supportive service activities of public housing and other housing projects and programs assisted by the Department of Housing and Urban Development and'';

(2) by redesignating paragraphs (2), (3), and (4), as paragraphs (3), (4), and (5), respectively;

(3) by inserting after paragraph (1) the following new paragraph:

''(2) operating job banks, assisting employers to develop training and apprenticeship programs, assisting businesses of public housing residents, and other employment-related activities;''; and

(4) by adding at the end the following new flush sentence:

''The provision of services under this section shall be considered the provision of housing for purposes of section 3 of the Housing and Urban Development Act of 1968.''.

(c) ELIMINATION OF SUPPORTIVE SERVICES CAP.—Section 22(c)(4) of the United States Housing Act of 1937 is amended by striking ''not more than 15 percent of''.

(d) ECONOMIC OPPORTUNITY ACTIVITIES.—Section 22 of the United States Housing Act of 1937 is amended—

(1) by striking subsection (b) and inserting the following new subsection:

''(b) GRANT AUTHORITY.—The Secretary may make grants to public housing agencies to adapt and provide sites in or near public housing for providing services to help families residing in the public housing gain better access to educational and job opportunities to achieve self-sufficiency and independence, and to provide such services. Assistance under this section may be made available only to public housing agencies that demonstrate to the satisfaction of the Secretary that supportive services (as such term is defined in subsection (j)) will be made available. Facilities assisted under this section shall be located in or near the premises of public housing.'';

(2) in subsection (c)(3), by striking ''the renovation of facilities located near the premises of 1 or more public housing projects'' and inserting the following: ''the acquisition of facilities located near the premises of 1 or more public housing projects, the acquisition and renovation of such facilities, or the renovation of such facilities,''; and

(3) in subsection (j)—

(A) in the first sentence, by inserting before the period at the end the following: ''(including opportunities under a Family Self-Sufficiency program under section 23 of this Act, subtitle D of title IV of the Cranston-Gonzalez National Af-

fordable Housing Act, and the Job Training Partnership Act) and to facilitating participation in such opportunities'';

(B) in paragraph (5), by striking ''and'' at the end;

(C) by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (15), respectively; and

(D) by inserting after paragraph (3) the following new paragraph:

''(4) English language education for persons having no or limited proficiency in English;''; and

(E) by inserting after paragraph (6) (as so redesignated) the following new paragraphs:

''(7) providing a job bank of available employment positions;

''(8) assisting contractors, contractor associations, and joint labor-management committees to develop and assist training and apprenticeship programs;

''(9) funding start-up costs of business employing, or owned by, public housing residents;

''(10) providing coordination with related government and private programs;

"(11) carrying out job-related activities necessary to establish and operate a family investment center, including training, supervision of trainees, and job recruitment;

"(12) apprenticeship training of public housing residents in job skills used in the construction modernization, maintenance, and operation of public housing and other housing assisted by the Department of Housing and Urban Development;

"(13) employing public housing residents in modernization, maintenance, and operation of public housing and other housing assisted by the Department of Housing and Urban Development;

"(14) training and employing public housing residents in jobs providing supportive services to residents participating in the program for family self-sufficiency and other economic independence; and".

SEC. 127. REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING.

(a) PLANNING GRANTS.—Subsection (c) of section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v(c)) is amended—

(1) in paragraph (2) by striking "$200,000" and inserting "$300,000";

(2) in paragraph (3)—

(A) in subparagraph (G), by striking ''designing a suitable replacement housing plan'' and inserting ''designing suitable relocation and replacement housing plans'';

(B) by redesignating subparagraphs (E) through (I) as subparagraphs (F) through (J), respectively; and

(C) by inserting after subparagraph (D) the following new subparagraph:

''(E) planning for community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;'';

(3) in paragraph (4)—

(A) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

(B) by inserting after subparagraph (C) the following new subparagraph:

''(D) to the extent the applicant is requesting amounts for community service activities, a description of the planning activities for community service to be carried out by residents, other members of the community, and other persons

willing to contribute to the social, economic, or physical improvement of the community;''; and

(5) in paragraph (5)—

(A) in subparagraph (F), by inserting before the semicolon at the end the following: '', taking into consideration the condition of the public housing of the public housing agency as a whole'';

(B) by striking subparagraph (E);

(C) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively; and

(D) by adding at the end the following new flush material:

''In making grants under this subsection, the Secretary may select a lower-rated application that meets the requirements pursuant to this section instead of a higher-rated application to increase the national geographic diversity among applications approved under this section.''.

(b) IMPLEMENTATION GRANTS.—Subsection (d) of section 24 of the United States Housing Act of 1937 is amended—

(1) in paragraph (2)—

(A) in subparagraph (I), by striking ''except that'' and all that follows and inserting the following: ''except that—

''(i) not more than 20 percent of any grant under this subsection may be used for such purpose; and

''(ii) an amount equal to 15 percent of the amount of any grant under this subsection used for such purposes shall be contributed from non-Federal sources, and may be in the form of cash, administrative costs, and the reasonable value of in-kind contributions, and may include funding under title I of the Housing and Community Development Act of 1974.'';

(B) by redesignating subparagraphs (E) through (I) (as so amended) as subparagraphs (G) through (K), respectively; and

(C) by inserting after subparagraph (D) the following new subparagraphs:

''(E) community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;

''(F) replacement of public housing units;'';

(2) in paragraph (3)—

(A) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

(B) by inserting after subparagraph (C) the following new subparagraph:

''(D) to the extent the applicant is requesting amounts for community service activities, a description of the community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;''; and

(3) in paragraph (4)—

(A) by striking subparagraph (D) and inserting the following new subparagraph:

''(D) the quality of the proposed revitalization program and the suitability of the project for such a program;'';

(B) in subparagraph (F), by inserting before the semicolon at the end the following: '', taking into consideration the condition of the public housing of the applicant as a whole''; and

(C) by striking subparagraph (E);

(D) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively; and

(E) by adding at the end the following new flush material:

''In making grants under this subsection, the Secretary may select a lower-rated application that meets the requirements pursuant to this section instead of a higher-rated application to increase the national geographic diversity among applications approved under this section.''.

(c) EXCEPTIONS TO GENERAL PROGRAM REQUIREMENTS.—Section 24(e) of the United States Housing Act of 1937 is amended—

(1) by striking the first sentence of paragraph (2) and inserting the following new sentence: ''For projects revitalized under this section, a public housing agency may—

''(A) in lieu of selecting tenants pursuant to the preferences specified under section 6(c)(4)(A)(i), select tenants pursuant to a local system of preferences;

''(B) in making dwelling units in such projects available for occupancy, disregard the order in which applications were made for resi-

dency in public housing dwelling units or any waiting lists established for such residency to provide for substantial variation in the incomes of families residing in the project, subject to the provisions of this Act relating to income eligibility in public housing projects (as modified under subparagraph (C));

"(C) notwithstanding section 16 of this Act, provide for low-income families to occupy not more than 50 percent of the dwelling units in a project, and

"(D) establish ceiling rents under section 3(a)(2)."; and

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

"(3) DEMOLITION AND REPLACEMENT.—

"(A) IN GENERAL.—Notwithstanding any other applicable law or regulation, a revitalization plan under this section may include demolition of public housing units and replacement of such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished as a result of the revitalization effort.

"(B) TENANT-BASED ASSISTANCE.—Notwithstanding the limitation in subparagraph (C) of section 18(b)(3), a public housing agency may replace not more than one-third of the units demolished or disposed of through a revitalization project under this section with tenant-based assistance under section 8, but only if the public housing agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section 8(e), of more than 3 percent for at least 6 consecutive months.

"(C) ALTERNATIVE METHODS OF REPLACEMENT.—A revitalization plan under this section may provide for replacement of public housing units in the manners under subparagraph (D) of this paragraph (and not subject to the requirements of subparagraph (B) of section 18(b)(3)) if the agency or corporation enters into such agreements as the Secretary considers necessary to ensure that the replacement units will remain affordable to families eligible for residency in pub-

lic housing for the remaining useful life of the units, as determined by the Secretary.

"(D) CERTIFICATE AND NEW UNIT MIX.—Each such dwelling unit demolished, disposed of, or otherwise eliminated pursuant to this paragraph shall be replaced with an additional dwelling unit through any combination of—

"(i) additional public housing dwelling units;

"(ii) units or housing described in clause (iv), (v), (vii), (viii), or (ix) of section 18(b)(3)(A);

"(iii) rental units that are (I) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (II) assisted under a State or local rental assistance program that provides for rental assistance over a term of not less than 5 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8; but this clause shall apply to a revitalization program only if the agency demonstrates to the satisfaction of the Secretary that the local housing market

in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section 8(e), of more than 3 percent for at least 6 consecutive months; or

''(iv) other manners approved by the Secretary.''.

(d) DEFINITIONS.—Subsection (h) of section 24 of the United States Housing Act of 1937 is amended—

(1) by striking paragraph (5) and inserting the following new paragraphs:

''(6) SEVERELY DISTRESSED PUBLIC HOUSING.—The term 'severely distressed public housing' means a public housing project or building in a project 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 project;

''(B) is—

"(i)(I) occupied predominantly by families with children which have extremely low incomes, high rates of unemployment, and extensive dependency 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; or

"(ii) has a vacancy rate, as determined by the Secretary, of 50 percent or more;

"(C) can not be revitalized through assistance under other programs, such as the programs under sections 9 and 14, or through other administrative means because of the inadequacy of available amounts; and

"(D) in the case of an individual building, the building is (in the determination of the Secretary) sufficiently separable from the remainder of the project of which the building is part to make use of the building feasible for purposes of this section.

"(7) SUPPORT SERVICES.—The term 'support services' includes all activities which will promote upward mobility, self-sufficiency, and improved quality

of life for the residents of the public housing project involved, and shall include literacy training, job training, day care, and economic development activities. Support services may be provided to residents of the neighborhood in which the public housing project involved is located.'';

(2) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively; and

(3) by inserting after paragraph (1) the following new paragraph:

''(2) COMMUNITY SERVICE.—The term 'community service' means services provided on a volunteer or limited stipend basis for the social, economic, or physical improvement of the community to be served, including opportunity for the upward mobility of participants providing the community service, through completion of education requirements, job training, or alternative methods of developing skills and job readiness.''.

(e) REPORTS.—Section 24(i) of the United States Housing Act of 1937 is amended—

(1) by striking paragraph (2); and

(2) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(f) REPEAL.—Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended by striking subsection (b).

(g) APPLICABILITY.—Section 24 of the United States Housing Act of 1937 is amended by adding at the end the following new subsection:

''(j) APPLICABILITY.—Notwithstanding any provision of this Act, with respect to a public housing project that (1) has been selected for funding under this section 24 or through the urban revitalization demonstration program under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102–389, 106 Stat. 1579; 42 U.S.C. 1437l note) or the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994 (Public Law 103–124, 107 Stat. 1285; 42 U.S.C. 1437l note), and (2) has an approved comprehensive plan under section 14 of this Act, the Secretary may apply any provision of this section and the regulations hereunder to all activities undertaken at such projects only during revitalization (including activities relating to demolition, modernization, reconstruction, site improvement, and replacement housing).''.

(h) CONFORMING AMENDMENT.—The first sentence of section 25(m)(1) of the United States Housing Act of 1937

(42 U.S.C. 1437w(m)(1)) is amended to read as follows: ''The term 'eligible housing' means a public housing project, or one or more buildings within a project, that is owned or operated by a troubled public housing agency that has been troubled for not less than 3 years and that, as determined by the Secretary, has failed to make substantial progress toward effective management.''.

(i) APPLICABILITY TO CERTAIN PROJECT.—The amendments made by this section shall apply with respect to assistance provided before the date of the enactment of this Act under section 24 of the United States Housing Act of 1937 for the Desire Housing Development, located in New Orleans, Louisiana, but only to the extent that the Housing Authority of New Orleans submits to the Secretary of Housing and Urban Development a description of the revitalization program for such project describing the use of such assistance under the provisions of such section 24, as amended, which is approved by the Secretary.

SEC. 128. PROGRAM MONITORING AND TECHNICAL ASSISTANCE.

(a) DEFINITION.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a), as amended by adding at the end the following new subsection:

''(e) TECHNICAL ASSISTANCE AND SERVICES.—As used in sections 5(c)(9) and 14(k)(1)(B), the term 'technical as-

sistance and services' shall include any or all undertakings by the Secretary, directly using officials and employees of the Secretary, or indirectly under contract or otherwise, related to the inspection or oversight of project or program development or implementation, training and technical assistance, public housing agency or Indian housing authority program, project, or general management, crisis management and operations, survey research, and the preparation of reports or recommendations to the Secretary.''.

(b) AVAILABILITY OF DEVELOPMENT AMOUNTS.—Section 5(c) of the United States Housing Act of 1937 (42 U.S.C. 1437c(c)) is amended by adding at the end the following new paragraph:

''(9) Of any amounts appropriated pursuant to this Act in fiscal year 1995 for public housing development (including Indian housing development), the Secretary may use not more than 0.5 percent for technical assistance and services.''.

(c) AVAILABILITY OF MODERNIZATION AMOUNTS.—Section 14(k)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437l(k)(1)), as amended by the preceding provisions of this Act, is amended—

(1) by inserting ''(A)'' before the first sentence; and

(2) by adding at the end the following new subparagraph:

''(B) Of any amounts approved in appropriation Acts for grants under this section in fiscal year 1995, the Secretary may use not more than 1 percent for technical assistance and services.''.

SEC. 129. APPLICABILITY OF PUBLIC HOUSING AMENDMENTS TO INDIAN HOUSING.

(a) AMENDMENT.—Section 201(b) of the United States Housing Act of 1937 (42 U.S.C. 1437aa(b)) is amended to read as follows:

''(b) APPLICABILITY OF TITLE I.—Except as otherwise provided by law, the provisions of title I shall apply to low-income housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.''.

(b) APPLICABILITY OF AMENDMENT.—The amendment made by subsection (a) shall not affect provisions of the United States Housing Act of 1937 that were made applicable to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority in accordance with section 201(b)(2) of such Act, as such section existed before the effective date of this section.

(c) APPLICABILITY OF HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—The provisions of, and the amendments made by, sections 103(a)(1), 112, 114, 116, 118, 903, and 927 of the Housing and Community Development Act of 1992 and sections 301, 302, 303, and 304 of the Multifamily Housing Property Disposition Reform Act of 1994 shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

SEC. 130. EARLY CHILDHOOD DEVELOPMENT PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 222(g) of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z–6 note) is amended by striking the first two sentences and inserting the following new sentence: ''There are authorized to be appropriated to carry out this section $35,000,000 for fiscal year 1995 and $35,000,000 for fiscal year 1996.''.

(b) ELIGIBILITY FOR ASSISTANCE.—Section 222(b)(1) of the Housing and Urban-Rural Recovery Act of 1983 is amended by inserting before the semicolon at the end the following: '', except that the Secretary may make a grant to provide additional assistance for an existing child care center assisted under this section or to expand an existing child care center regardless of whether such center was previously assisted under this section''.

(c) ASSISTANCE FOR HOMELESS FAMILIES.—Section 222(a)(1) of the Housing and Urban-Rural Recovery Act of 1983 amended by inserting before the period at the end the following: ''(including, for purposes of this section, homeless families with children, as defined by the Secretary)''.

(d) CLERICAL AMENDMENT.—The heading for section 222 of the Housing and Urban-Rural Recovery Act of 1983 is amended to read as follows: ''EARLY CHILDHOOD DEVELOPMENT PROGRAMS''.

SEC. 131. INDIAN HOUSING CHILDHOOD DEVELOPMENT SERVICES.

(a) FUNDING.—Section 518(a) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z–6 note) is amended by striking the first and second sentences and inserting the following new sentence: ''There are authorized to be appropriated to carry out the demonstration program under this section $6,000,000 for fiscal year 1995 and $6,000,000 for fiscal year 1996.''.

SEC. 132. PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.

Section 521(g) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note) is amended to read as follows:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for carrying out the demonstration program under this section such sums as may be necessary for each of fiscal years 1995 and 1996.".

SEC. 133. SALE OF CERTAIN SCATTERED SITE PUBLIC HOUSING.

Section 131 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3712) is amended by adding at the end the following new sentence: "During the term of the annual contributions contract relating to the scattered-site public housing originally sold under this section, any proceeds from the disposition of replacement scattered-site dwellings purchased with (1) the proceeds from such original disposition, or (2) the proceeds from the disposition of any replacement scattered-site dwellings, shall be used to purchase additional replacement scattered site dwellings, which shall be considered public housing for the purposes of such Act and for which the Secretary shall provide annual contributions for operation, using amounts made available under section 9(c) of such Act.".

SEC. 134. ELIGIBILITY OF CERTAIN PUBLIC HOUSING FOR DEMOLITION.

Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100–202; 101 Stat. 1329–213), is amend-

ed by striking ''George Loving Place, at 3320 Rupert Street, Edgar Ward Place, at 3901 Holystone, Elmer Scott Place, at 2600 Morris, in Dallas, Texas, or''.

SEC. 135. DEMONSTRATION PROGRAM FOR INNOVATIVE PUBLIC HOUSING AGENCIES AND RESIDENT MANAGEMENT CORPORATIONS.

(a) AUTHORITY.—The Secretary may authorize public housing agencies and resident management corporations to carry out demonstrations for public housing that—

(1) test the extent to which aspects of the public housing program may be exempt from certain statutory requirements while continuing to serve eligible families, and

(2) permit agencies and resident management corporations to establish policies for the operation, maintenance, management, and development (including modernization) of one or more projects, without regard to the requirements applicable to public housing in the United States Housing Act of 1937.

In establishing such policies, public housing agencies and resident management corporations shall be subject to any applicable State or local law.

(b) WAIVER OF PROVISIONS OF 1937 ACT.—For any demonstration authorized under this section, the Secretary may waive the applicability of any requirements of the

United States Housing Act of 1937 that the Secretary determines are not consistent with the purposes of a demonstration, except requirements—

(1) limiting occupancy of public housing to low-income families, as defined in section 3 of the United States Housing Act of 1937;

(2) under section 18 of such Act requiring replacement of units in the case of demolition or disposition (except that the limitation on the use of tenant-based assistance to applications proposing demolition or disposition of 200 or more units may be waived); and

(3) relating to labor standards.

(c) REPLACEMENT HOUSING.—

(1) AUTHORITY.—In authorizing a demonstration under this section, the Secretary may authorize a public housing agency to demolish or dispose of public housing units and replace such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished under the demonstration.

(2) TENANT-BASED ASSISTANCE.—Notwithstanding the limitations in subparagraphs (A)(v) and (C) of section 18(b)(3), a public housing agency may re-

place not more than one-third of the units demolished or disposed of under a demonstration under this section with tenant-based assistance under section 8, but only if the public housing agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section 8(e), of more than 3 percent for at least 6 consecutive months.

(3) ALTERNATIVE METHODS OF REPLACEMENT.—In authorizing a demonstration under this section, the Secretary may authorize a public housing agency to provide for replacement of public housing units in the manners under paragraph (4) of this subsection rather than in the manners specified under the various clauses of section 18(b)(3)(A) (and not subject to the requirements of subparagraph (B) of section 18(b)(3)) if the agency enters into such agreements as the Secretary considers necessary to ensure that the replacement units will remain affordable to families eligible for residency in public housing for the remaining useful life of the units, as determined by the Secretary.

(4) CERTIFICATE AND NEW UNIT MIX.—Each such dwelling unit demolished, disposed of, or otherwise eliminated pursuant to this subsection shall be replaced with an additional dwelling unit through any combination of—

(A) additional public housing dwelling units;

(B) units acquired or otherwise provided for homeownership (including cooperative and condominium interests) by public housing residents under section 5(h), subtitle B or C of title IV of the Cranston-Gonzalez National Affordable Housing Act, or other programs for homeownership that have program requirements substantially equivalent to the requirements established under section 605 of the Housing and Community Development Act of 1987;

(C) affordable housing homeownership units assisted under title II of the Cranston-Gonzalez National Affordable Housing Act and sold to public housing residents;

(D) rental units that are (i) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (ii) assisted under a

State or local rental assistance program that provides for rental assistance over a term of not less than 5 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8; but this subparagraph shall apply to a public housing agency only if the agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for area established under section 8(e), of more than 3 percent for at least 6 consecutive months;

(E) housing assisted by a tax credit under section 42 of the Internal Revenue Code;

(F) housing acquired from the Resolution Trust Corporation or the Federal Deposit Insurance Corporation;

(G) housing acquired under section 203 of the Housing and Community Development Amendments of 1978; or

(H) other manners approved by the Secretary.

(d) WAIVER OF OTHER STATUTORY REQUIREMENTS.—For any demonstration authorized under this sec-

tion, the Secretary may also waive the applicability of any provision of law that applies to the projects under the demonstration and that the Secretary determines is not consistent with the purposes of a demonstration, except that the Secretary may not waive any provision of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 or any other provision of law relating to equal opportunity, nondiscrimination, or the environment.

(e) SELECTION OF DEMONSTRATIONS.—

(1) SCOPE.—The Secretary may select not more than 25 public housing agencies or resident management corporations (or a combination of both) to carry out not more than 25 demonstrations under this section. Not more than 5 of the agencies selected may be agencies designated pursuant to section 6(j) of the United States Housing Act of 1937 as troubled or troubled with respect to the public housing modernization program under section 14 of such Act.

(2) CRITERIA.—The Secretary shall select agencies and corporations based on selection criteria established by the Secretary, which shall include the following factors:

(A) The need for a range of project sizes.

(B) The need for a range of types of public housing agencies and resident management corporations.

(C) The potential effects and benefits that the variations proposed by the agency or corporation could have on the public housing program if the variations were adopted for the whole program.

(f) REQUIREMENTS.—The Secretary may authorize a demonstration program under this section only if the Secretary determines that the demonstration—

(1) would not, over the term of the demonstration, result in the Federal Government incurring greater costs than the government would otherwise incur if the demonstration were not authorized;

(2) is consistent with the overall purposes of the public housing program;

(3) is evaluated by an independent party; and

(4) is consistent with the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the National Environmental Policy Act of 1969.

(g) AUTHORITY TO ESTABLISH ADDITIONAL REQUIREMENTS.—In authorizing a demonstration under this sec-

tion, the Secretary may impose such requirements as the Secretary considers to be appropriate to further the purposes of the demonstration.

(h) REPORTS.—

(1) REPORT ON DEMONSTRATION.—For each demonstration site, the public housing agency or resident management corporation carrying out the demonstration shall submit an annual progress report to the Secretary. For each demonstration carried out under this section, the Secretary shall submit a report to Congress not later than 1 year after completion of the demonstration, describing the results of the demonstration and making any recommendations for legislation.

(2) REPORT ON WAIVER FOR NEW YORK CITY.—The Secretary shall conduct a study of the advisability, practicality, and effects of exempting the New York City Housing Authority from any provisions of law or regulation establishing requirements for the site on which, and neighborhood in which, public housing is developed. The Secretary shall submit a report to the Congress not later than 6 months after the date of the enactment of this Act describing the results of the study and making a recommendation with respect to such exemption.

(i) TERM OF DEMONSTRATIONS.—The authority to carry out a demonstration program under this section shall be effective only for the period specified by the Secretary in authorizing the demonstration program, which may not exceed 5 years.

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

(1) The terms ''public housing agency'' and ''agency'' mean a public housing agency, as such term is defined in section 3(b) of the United States Housing Act of 1937.

(2) The terms ''resident management corporation'' and ''corporation'' mean a resident management corporation established in accordance with requirements of the Secretary under section 20 of the United States Housing Act of 1937.

(3) The term ''Secretary'' means the Secretary of Housing and Urban Development.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $1,000,000 for the evaluation of demonstrations under this section.

SEC. 136. DEMONSTRATION PROGRAM FOR OCCUPANCY OF OTHERWISE VACANT PUBLIC HOUSING UNITS BY MODERATE-INCOME FAMILIES.

(a) AUTHORITY.—The Secretary of Housing and Urban Development may carry out a demonstration program under which public housing agencies may lease units in public housing projects assisted under the United States Housing Act of 1937 to moderate-income families, as such term is defined by the Secretary.

(b) REQUIREMENTS FOR PARTICIPATION.—The Secretary may approve a request by a public housing agency to participate in the demonstration program only if the Secretary determines that—

(1) the units proposed for leasing to moderate-income families would otherwise remain vacant;

(2) the agency has demonstrated that it has actively marketed the units to eligible families and that eligible families are not available to fill the units covered by the application and are not expected to be available for at least 12 months; and

(3) the agency has agreed not to provide tenant-based assistance under the United States Housing Act of 1937 for unit sizes available for occupancy under the demonstration.

(c) DURATION.—The Secretary may authorize a public housing agency to participate in the demonstration for up

to a 2-year term and may extend the term for additional periods of up to 2 years, if the agency submits another application that meets the requirements of this section.

SEC. 137. STUDY OF ADEQUACY OF PAYMENT IN LIEU OF TAXES.

The Comptroller General of the United States shall conduct a study of the payments made during recent years by public housing agencies to State and local governments in lieu of taxes, pursuant to section 6(d) of the United States Housing Act of 1937, to determine whether such payments adequately compensate for the amount of taxes foregone by such governments pursuant to such section. The Comptroller General shall submit a report to the Congress describing the results of the study not later than the expiration of the 1-year period beginning on the date of the enactment of this Act.

Subtitle C—Section 8 Assistance

SEC. 141. COMMUNITY INVESTMENT DEMONSTRATION PROGRAM.

Section 6(j) of the HUD Demonstration Act of 1993 (42 U.S.C. 1437f note) is amended to read as follows:

"(j) AUTHORIZATION OF APPROPRIATIONS.—Of any amounts appropriated for incremental assistance under section 8 of the United States Housing Act of 1937, the Secretary may use not more than $150,000,000 in fiscal year

1995 and $200,000,000 in fiscal year 1996 to carry out this section.''.

SEC. 142. MERGER OF SECTION 8 RENTAL ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended to read as follows:

''RENTAL HOUSING ASSISTANCE FOR LOW-INCOME FAMILIES

''SEC. 8. (a) AUTHORITY AND PURPOSE.—

''(1) IN GENERAL.—For the purposes of aiding low-income families in obtaining a decent place to live and promoting economically mixed housing, the Secretary may provide assistance payments with respect to existing housing in accordance with the provisions of this section.

''(2) ELDERLY HOUSING.—Notwithstanding any other provision of this Act, assistance payments under this section may be provided, in accordance with regulations prescribed by the Secretary, with respect to some or all of the units in any project approved pursuant to section 202 of the Housing Act of 1959 (as in effect before October 1, 1991).

''(b) ANNUAL CONTRIBUTIONS CONTRACTS FOR RENTAL ASSISTANCE.—

"(1) IN GENERAL.—The Secretary may enter into annual contributions contracts under this subsection with public housing agencies to provide rental housing assistance under this section for low-income families. Such annual contributions contracts shall bind the Secretary to make such authority, and any amendments increasing such authority, available to the public housing agency for a specified period.

"(2) SECRETARY ACTING AS PHA.—In areas where no public housing agency has been organized or where the Secretary determines that a public housing agency is unable to implement the provisions of this section, the Secretary may enter into such contracts and perform the other functions assigned to a public housing agency by this section.

"(3) TREATMENT OF ASSISTANCE FOR SUPPORTIVE HOUSING FOR THE DISABLED.—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 assistance under this section for the agency or in determining the amount of such assistance to be provided to the agency.

"(c) ASSISTANCE CONTRACTS.—

"(1) IN GENERAL.—Each public housing agency that receives amounts under an annual contributions contract may enter into assistance contracts to make rental assistance payments to owners of existing dwelling units in accordance with the provisions of this section.

"(2) PHA ACTING AS OWNER.—A public housing agency may contract to make rental assistance payments under this section to itself (or any agency or instrumentality thereof) as the owner of dwelling units, and the agency shall be subject to the same program requirements as are applied to other owners. In such cases, the Secretary may establish initial rents within applicable limits.

"(3) INAPPLICABLE PROVISIONS.—Sections 5(e) and 6 and any other provisions of this Act that are inconsistent with the provisions of this section shall not apply to assistance contracts entered into pursuant to this section.

"(d) MAXIMUM MONTHLY RENT.—

"(1) IN GENERAL.—Each assistance contract entered into pursuant to this section shall establish the maximum monthly rent (including utilities and all maintenance and management charges) that the owner is entitled to receive for each dwelling unit for

which rental assistance payments are to be made under the contract. Except as provided in paragraph (2), the maximum monthly rent shall not exceed by more than 10 percent the fair market rental under subsection (e) for the market area in which the dwelling unit is located. If units assisted under this section are exempt from local rent control while they are so assisted or otherwise, the maximum monthly rent for such units shall be reasonable in comparison with other units in the market area that are exempt from local rent control.

"(2) EXCEPTION.—The maximum monthly rent may exceed the fair market rental—

"(A) by more than 10 but not more than 20 percent, but only if the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act; or

"(B) by such higher amount, only if requested by the low-income family assisted and approved by the public housing agency in accordance with subsection (f)(2).

"(3) ANNUAL ADJUSTMENTS.—Each assistance contract shall provide for adjustment in the maximum monthly rents for units covered by the contract not less than annually to reflect changes in the fair market rentals established under subsection (e) for the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula.

"(4) ADJUSTMENTS DUE TO EXPENSES.—Each assistance contract shall further provide for the Secretary to make additional adjustments in the maximum monthly rent for units assisted under the contract to the extent the Secretary determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units that have resulted from substantial general increases in real property taxes, utility rates, or similar costs that are not adequately compensated for by the adjustment in the maximum monthly rent authorized by paragraph (3). The Secretary shall make additional adjustments in the maximum monthly rent for units under contract (subject to the availability of appropriations for contract amendments) to the extent the Secretary determines such adjustments are necessary to reflect increases in the actual and nec-

essary expenses of owning and maintaining the units that have resulted from the expiration of a real property tax exemption.

"(5) ADJUSTMENTS DUE TO CRIMINAL ACTIVITY.—If the Secretary determines that a project assisted under this section is located in a community where criminal activity is generally prevalent and the operating, maintenance, and capital repair expenses for the project have been substantially increased primarily as a result of the prevalence of such activity, the Secretary may (at the discretion of the Secretary and subject to the availability of appropriations for contract amendments for this purpose), on a project-by-project basis, provide adjustments to the maximum monthly rents, to a level not exceeding 120 percent of the project rents, to cover the costs of maintenance, security, capital repairs, and reserves required for the owner to carry out a strategy acceptable to the Secretary for addressing the problem of criminal activity. The Secretary may waive the applicability of any rent comparability standard required under this subsection to implement this paragraph.

"(6) ADJUSTMENTS DUE TO LEAD-BASED PAINT REDUCTION FOR HOUSING RECEIVING PROJECT-BASED ASSISTANCE.—The Secretary may (at the discretion

of the Secretary and subject to the availability of appropriations for contract amendments), on a project-by-project basis for projects receiving project-based assistance, provide adjustments to the maximum monthly rents to cover the costs of evaluating and reducing lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

"(7) LIMITATIONS ON ADJUSTMENTS.—

"(A) GENERAL COMPARABILITY RULE.—Adjustments in the maximum rents under paragraphs (3) through (6) shall not result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, as determined by the Secretary.

"(B) COMPARABILITY STUDIES.—

"(i) To carry out subparagraph (A), the Secretary shall issue regulations to provide for conducting comparability studies for projects where the Secretary has reason to believe that the application of the formula adjustments under paragraph (3) would result in such material differences. The Secretary shall conduct such studies

upon the request of any owner of any project, or as the Secretary determines to be appropriate by establishing, to the extent practicable, a modified annual adjustment factor for such market area, as the Secretary shall designate, that is geographically smaller than the applicable housing area used for the establishment of the annual adjustment factor under paragraph (3). The Secretary shall establish such modified annual adjustment factor on the basis of the results of a study conducted by the Secretary of the rents charged, and any change in such rents over the previous year, for assisted units and unassisted units of similar quality, type, and age in the smaller market area. Where the Secretary determines that such modified annual adjustment factor cannot be established or that such factor when applied to a particular project would result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, the Secretary may apply an alternative meth-

odology for conducting comparability studies in order to establish rents that are not materially different from rents charged for comparable unassisted units.

"(ii) If the Secretary or appropriate State agency does not complete and submit to the project owner a comparability study not later than 60 days before the anniversary date of the assistance contract under this section, the automatic annual adjustment factor shall be applied. The Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section (including projects assisted under this section as in effect prior to November 30, 1983), unless the project has been refinanced in a manner that reduces the periodic payments of the owner. Any maximum monthly rent that has been reduced by the Secretary after April 14, 1987, and prior to November 7, 1988, shall be restored to the maximum monthly rent in effect on April 15, 1987.

"(iii) For any project which has had its maximum monthly rents reduced after April 14, 1987, the Secretary shall make assistance payments (from amounts reserved for the original contract) to the owner of such project in an amount equal to the difference between the maximum monthly rents in effect on April 15, 1987, and the reduced maximum monthly rents, multiplied by the number of months that the reduced maximum monthly rents were in effect.

"(e) FAIR MARKET RENTALS.—

"(1) IN GENERAL.—The Secretary shall establish fair market rentals under this subsection periodically, but not less than annually, for existing rental dwelling units suitable for occupancy by low-income families assisted under this section. The Secretary shall establish the fair market rental by market area for various sizes and types of dwelling units. For a market area, the fair market rental for any size and type of dwelling unit shall be a dollar amount not less than the amount that results in the rents charged for 45 percent of the standard quality rental units of such size and type in the market area being less than such dollar amount. For purposes of determining the dollar

amount under the preceding sentence, the Secretary shall consider only rental units occupied by households whose initial occupancy in their current units commenced not more than 15 months before the determination and shall not consider public housing units and units constructed less than 24 months before the determination.

"(2) EFFECTIVENESS AND ADJUSTMENT.—The Secretary shall publish proposed fair market rentals for each area in the Federal Register with reasonable time for public comment, and such fair market rentals shall become effective upon the date of publication in final form in the Federal Register. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by families assisted under this section.

"(3) CERTAIN AREAS.—The Secretary shall establish separate fair market rentals under this subsection for Westchester County in the State of New York. The Secretary shall also establish separate fair

market rentals under this paragraph for Monroe County in the Commonwealth of Pennsylvania. In establishing fair market rentals for the remaining portion of the market areas in which Monroe County is located, the Secretary shall establish the fair market rentals as if such portion included Monroe County.

"(4) REQUIRED REVIEW.—If at any time, for any public housing agency, more than 50 percent of the families on behalf of whom assistance is provided under this section by the agency are paying as rent more than the amount specified under section 3(a) (as authorized in subsection (f)(2)), the agency shall review the fair market rentals established under this subsection for the market areas in the jurisdiction of the public housing agency.

"(f) AMOUNT OF MONTHLY ASSISTANCE PAYMENT AND DUE PROCESS RIGHTS.—

"(1) IN GENERAL.—The amount of the monthly assistance payment under this section with respect to any dwelling unit shall be the difference between the maximum monthly rent that the contract provides that the owner is to receive for the unit and the rent the family is required to pay under section 3(a).

"(2) INCREASED FAMILY PAYMENT.—A family on behalf of whom tenant-based assistance payments are

made under this section may pay as rent for a dwelling unit assisted under this section more than the amount specified under section 3(a), but only if—

"(A) the family notifies the public housing agency of its interest in a unit renting for an amount that exceeds the permissible maximum monthly rent established for the market area under subsection (d);

"(B) such agency determines that the rent for the unit and the rental payments of the family are reasonable, after taking into account other family expenses (including child care, unreimbursed medical expenses, transportation, and other appropriate family expenses; and

"(C) such amount does not exceed 40 percent of the family's monthly adjusted income.

"(3) INCREASES IN ASSISTANCE PAYMENTS.—The Secretary shall take any action necessary, including making contracts for assistance payments in amounts exceeding the amounts required upon the initial renting of dwelling units, reserving annual contributions authority for the purpose of amending assistance contracts, or allocating a portion of new authorizations for the purpose of amending assistance contracts, to ensure that assistance payments are increased on a

timely basis to cover increases in maximum monthly rents or decreases in family incomes.

"(4) REVIEWS OF FAMILY INCOMES.—

"(A) IN GENERAL.—Reviews of family incomes for purposes of this section shall be made annually and shall be subject to the provisions of section 904(e) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988. For families for whom an increased rental payment has been approved under paragraph (2), such review shall include determining whether the rent for the unit and the rental payments of the family continue to be reasonable, in accordance with subparagraphs (B) and (C) of paragraph (2).

"(B) PROCEDURES.—The Secretary shall establish procedures that are appropriate and necessary to ensure that income data provided to public housing agencies and owners by families applying for or receiving assistance under this section is complete and accurate.

"(C) CONFIDENTIALITY.—Any income information received pursuant to this paragraph shall remain confidential and shall be used only for the purpose of verifying incomes in order to de-

termine eligibility of families for benefits (and the amount of such benefits, if any) under this section.

"(5) DUE PROCESS RIGHTS IN CASES OF ADVERSE ACTION.—In the case of any action proposed to be taken by a public housing agency, any family receiving assistance under this section adversely affected by such action shall have the right to at least the basic elements of due process with regard to such action, as follows:

"(A) Written notice of the intended adverse action and the reason for such action shall be provided to the family not less than 30 days before the action is to be taken, or, in a case where the health or safety of other families is threatened, a reasonable period of time considering the seriousness of the situation (but not to exceed 30 days).

"(B) The family shall have the right to request a hearing within 30 days after receipt of the notice.

"(C) The family shall have the right to a hearing before an impartial hearing officer.

"(D) The family shall have the right to be represented at the hearing by an attorney or other advocate.

"(E) The family shall have the right to examine the evidence supporting the action and all evidence that the public housing agency intends to use.

"(F) The family shall have the right to present testimonial and documentary evidence and to cross-examine adverse witnesses.

"(G) The hearing officer shall issue a written decision, which shall be based solely upon the evidence introduced at the hearing and which shall state the basis of the decision.

"(g) ELIGIBILITY OF UNITS FOR ASSISTANCE.—

"(1) OCCUPANCY STATUS.—Each assistance contract shall provide that assistance payments may be made only with respect to the following dwelling units:

"(A) OCCUPIED UNITS.—A dwelling unit under lease for occupancy by a family determined to be a low-income family at the time it initially occupies the dwelling unit or by a family that qualifies to receive assistance under this section pursuant to section 223 or 226 of the

Low-Income Housing Preservation and Resident Homeownership Act of 1990.

"(B) UNOCCUPIED UNITS.—An unoccupied dwelling unit, but only if—

"(i)(I) a family vacates the dwelling unit before the expiration date of the lease for occupancy, or (II) a good faith effort is being made to fill the unoccupied unit; and

"(ii) the costs of such vacancy are not charged to or paid by the family vacating the dwelling unit.

Payments for units referred to in this subparagraph may be made only for a period not exceeding 60 days, except that such payments may be made, in the case of a newly constructed or substantially rehabilitated project, after the expiration of such 60-day period in an amount equal to the debt service attributable to such an unoccupied dwelling unit for a period not to exceed one year, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. No such payment may be made after the expiration of such 60-day period if the Secretary determines that the dwelling unit is in a project which provides the owner

with revenues exceeding the costs incurred by such owner with respect to such project.

"(2) OWNER'S STATUS.—A public housing agency shall not approve the rental of a dwelling unit if—

"(A) the owner—

"(i) is debarred, suspended, or subject to limited denial of participation under part 24 of title 24, Code of Federal Regulations; or

"(ii) has been convicted of drug trafficking;

"(B) the owner owns any other dwelling unit in the same project, which is assisted under this section and at such time, such unit is not in compliance in any material respect with standards for housing quality for units so assisted, but the public housing agency shall provide an owner of any such dwelling unit a reasonable opportunity to correct the noncompliance before denying approval; or

"(C) the owner owns or has owned dwelling units in the same project, which are assisted under this section (or any other program of the Federal Government for housing assistance) and such units have repeatedly or regularly failed to

comply with the housing quality standards applicable to such units.

"(h) OTHER PROVISIONS OF ASSISTANCE CONTRACTS.—Contracts to make assistance payments entered into by any public housing agency (or by the Secretary) with an owner of existing housing units shall meet the following requirements:

"(1) CONTRACT TERM.—Each assistance contract shall have a term of not less than one month nor more than 180 months. The Secretary shall permit public housing agencies to enter into assistance contracts having terms of less than 12 months to the extent necessary to avoid disruption in assistance to eligible families if the annual contributions contract for the agency under subsection (b) will expire within 1 year.

"(2) PREFERENCES.—Each assistance contract shall provide that, in making assistance available pursuant to the contract—

"(A) for not less than 70 percent of the families who initially receive project-based assistance, and

"(B) for not less than 90 percent of the families who initially receive tenant-based assistance in any 1-year period,

preference shall be given to families that (i) occupy substandard housing (including families that are homeless or living in a shelter for homeless families), (ii) are paying more than 50 percent of family income for rent, or (iii) are involuntarily displaced (including displacement because of disposition of a multifamily housing project under section 203 of the Housing and Community Development Amendments of 1978) at the time they are seeking assistance under this section.

"(3) SECONDARY PREFERENCES.—Each assistance contract shall provide that, for any assistance remaining in any 1-year period after assistance is made available pursuant to paragraph (2), preference for such assistance shall be given to families who qualify under a system of local preferences established by the public housing agency in writing and after public hearing to respond to local housing needs and priorities, which may include—

"(A) assisting very low-income families who either reside in transitional housing assisted under title IV of the Stewart B. McKinney Homeless Assistance Act or participate in a program designed to provide public assistance re-

cipients with greater access to employment and educational opportunities;

"(B) assisting families in accordance with subsection (q)(1)(B);

"(C) assisting families identified by local public agencies involved in providing for the welfare of children as having a lack of adequate housing that is a primary factor in the imminent placement of a child in foster care, or in preventing the discharge of a child from foster care and reunification with his or her family;

"(D) assisting youth, upon discharge from foster care, in cases in which return to the family or extended family or adoption is not available;

"(E) assisting veterans who are eligible and have applied for assistance, will use the assistance for a dwelling unit designed for the handicapped, and, upon discharge or eligibility for discharge from a hospital or nursing home, have physical disability which, because of the configuration of their homes, prevents them from access to or use of their homes; and

"(F) achieving other objectives of national housing policy as established by law.

A public housing agency may not establish a preference for assistance that provides preference based on residency in the jurisdiction of the public housing agency.

"(4) TENANT SELECTION.—Each assistance contract shall provide that the selection of tenants for such dwelling units shall be the function of the owner, subject to any provisions of the annual contributions contract between the Secretary and the agency. The owner shall use tenant selection criteria, which shall provide as follows:

"(A) PROHIBITION OF PERSONS ENGAGED IN DRUG ACTIVITY.—The criteria shall prohibit any individual or family evicted from housing assisted under this Act by reason of drug-related criminal activity from having a preference under any provision of this paragraph for 3 years unless the evicted tenant successfully completes a rehabilitation program approved by the agency or owner. The agency or the owner may waive the application of the preceding sentence under standards established by the Secretary, which shall provide for such waiver for any member of a family of an individual prohibited from tenancy under this subparagraph who the agency or

owner determines clearly did not participate in and had no knowledge of such criminal activity or when circumstances leading to eviction no longer exist.

"(B) OTHER REQUIREMENTS FOR PROJECT-BASED ASSISTANCE.—With respect only to project-based assistance, the criteria shall—

"(i) be consistent with the purpose of improving housing opportunities for very low-income families;

"(ii) be reasonably related to program eligibility and an applicant's ability to perform the obligations of the assisted lease;

"(iii) be established in writing; and

"(iv) provide for the owner to promptly provide to any rejected applicant (I) written notice of the grounds for the rejection, and (II) an opportunity to meet with the decision maker to evaluate the validity of the reasons for rejection and rectify any erroneous decisions.

"(5) LEASE PROVISIONS.—Each assistance contract shall provide that the lease between the tenant of any unit and the owner—

"(A) shall be for at least one year or the term of such assistance contract, whichever is shorter;

"(B) shall contain other terms and conditions specified by the Secretary, including provisions meeting the requirements of paragraphs (6), (7), and (8); and

"(C) shall be in a standard form which is used in the local housing market area by the owner and which applies generally to tenants in the property who are not assisted under this section, together with any addendum necessary to include in the lease the provisions required under subparagraph (B).

"(6) GENERAL GROUNDS FOR TERMINATION OF TENANCY.—Each assistance contract shall provide that the owner shall not terminate the tenancy of the tenant of any unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause. The withholding of assistance payments for a dwelling unit pursuant to paragraph (10) shall not constitute good cause for termination of the tenancy of the tenant of the unit.

"(7) TERMINATION FOR ACTIVITY.—Each assistance contract shall provide that any activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other tenants, any activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises, or any drug-related criminal activity on or near such premises, engaged in by a tenant of any unit, any member of the tenant's household, or any guest or other person under the tenant's control, shall be cause for termination of tenancy.

"(8) NOTICE OF TERMINATION OF TENANCY.—Each assistance contract shall provide that before terminating the tenancy of any tenant, the owner shall provide written notice to the tenant specifying the legal and factual grounds for such action, which shall be provided in accordance with any requirements under State or local law.

"(9) MAINTENANCE AND REPLACEMENT.—Each assistance contract shall provide that maintenance and replacement (including redecoration) shall be performed in accordance with the standard practice for the building concerned as established by the owner and agreed to by the agency (or the Secretary). With

the approval of the Secretary, the public housing agency administering a contract under this section with respect to existing housing units may exercise all management and maintenance responsibilities with respect to the units pursuant to a contract between such agency and the owner of such units.

"(10) ENFORCEMENT OF HOUSING QUALITY STANDARDS.—

"(A) IN GENERAL.—Each assistance contract shall provide for action under this paragraph if a unit assisted under this section fails to comply with the standards for housing quality for units so assisted.

"(B) NOTIFICATION.—If the agency (or the Secretary) determines that a unit assisted under this section fails to comply in any material respect with the standards for housing quality for units so assisted, the agency (or the Secretary) shall notify the tenant and owner of the unit of the noncompliance and the possible actions under this paragraph.

"(C) CORRECTION OF NONCOMPLIANCE.—The agency may approve the dwelling unit for assistance under this section, on the condition that the noncompliance is corrected, if (i) the

agency determines that the noncompliance is minor and can be corrected within 15 days, (ii) the agency provides notice of the conditional approval to the owner, (ii) the owner provides a written commitment to the agency to correct the noncompliance within the time period required by the agency, not to exceed 15 days, and (iii) the conditional approval will expedite the occupancy of an eligible tenant with assistance under this section. The agency shall reinspect any unit for which conditional approval is made under this subparagraph within the period referred to in clause (ii) of the preceding sentence, and if the agency determines that the noncompliance is not corrected, the agency may take action under subparagraph (D).

"(D) FAILURE TO CORRECT SERIOUS NONCOMPLIANCE.—If any serious noncompliance with such standards is not corrected within a reasonable period of time after such notification, the agency (or the Secretary) shall withhold some or all of the assistance amounts under this section with respect to the unit and promptly—

"(i) use such amounts to make necessary repairs or contract to have such repairs made;

"(ii) release any withheld amounts to the owner after repairs are made by the owner, in an amount not exceeding the cost of the repairs;

"(iii) release any withheld amounts to the applicable State or local housing agency after repairs are made by such agency, in an amount not exceeding the cost of the repairs; or

"(iv) upon the request of the tenant, release any withheld amounts to—

"(I) the tenant to reimburse the tenant for the reasonable cost of any necessary repairs performed or paid for by the tenant; or

"(II) such person secured by the tenant and approved by the agency (or the Secretary) to make such necessary repairs.

If an agency (or the Secretary) withholds any assistance amounts pursuant to this subparagraph, the agency (or the Secretary) shall

promptly notify the tenant of the unit for which assistance is withheld of the withholding and may not terminate the assistance contract unless and until the tenant has relocated to decent, safe, and sanitary housing.

"(11) STANDARDS AND OBLIGATIONS OF RESIDENCY IN HOUSING RECEIVING PROJECT-BASED ASSISTANCE.—Each assistance contract for project-based assistance under subsection (i) shall provide that the owner shall ensure and maintain compliance with subtitle C of title VI of the Housing and Community Development Act of 1992 and any regulations issued under such subtitle.

"(12) SERVICE COORDINATORS.—In determining the amount of assistance provided under an assistance contract for tenant-based assistance under this paragraph, the Secretary may increase the amount annually provided with respect to such project to provide for the costs of employing or otherwise retaining the services of one or more service coordinators under section 671 of the Housing and Community Development Act of 1992 to coordinate the provision of any services within the project for residents of the project who are elderly or disabled families.

"(13) OTHER.—Each assistance contract shall provide that the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by the agency and owner.

"(i) PROJECT-BASED ASSISTANCE.—

"(1) AUTHORITY.—Pursuant to an annual contributions contract entered into under subsection (b), a public housing agency may enter into a assistance contract providing for assistance payments under this section that are attached to a structure.

"(2) REQUIREMENTS.—Any public housing agency may approve project-based assistance under this subsection with respect to any or all of the assistance provided by the public housing agency if—

"(A) the owner agrees to rehabilitate the structure other than with assistance under this Act and the owner otherwise complies with the requirements of this section; and

"(B) in the case of any newly constructed structure, the owner or prospective owner agrees to construct the structure other than with assistance under this Act and otherwise complies with the requirements of this section.

"(3) LONG-TERM AFFORDABILITY.—

"(A) IN GENERAL.—In the case of an assistance contract for project-based assistance under this subsection, a public housing agency shall enter into a contract with an owner, contingent upon the future availability of appropriations for the purpose of renewing expiring contracts for assistance payments as provided in appropriations Acts, to extend the term of the underlying assistance contract for such period or periods as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have the extensions of the assistance contract accepted by the owner and the owner's successors in interest.

"(B) TERM OF ASSISTANCE FOR LOW-INCOME HOUSING PRESERVATION.—The contract for assistance may, at the option of the public housing agency, have an initial term not exceeding 15 years for any assistance that is attached—

"(i) to projects assisted under a State program that permits the owner of the projects to prepay a State assisted or subsidized mortgage on the structure; and

"(ii) for the purpose of providing incentives to owners to preserve such projects for occupancy by low- and moderate-income families (for the period that assistance under this subparagraph is available) and assisting low-income tenants to afford any increases in rent that may be required to induce the owner to maintain occupancy in the project by low- and moderate-income tenants.

Any assistance provided to low-income tenants in the manner described in this subparagraph shall not be considered for purposes of the limitation under subsection (h)(2) regarding the percentage of families that may receive assistance under this section who do not qualify for preferences under such subsection.

"(4) SERVICE COORDINATORS.—In determining the amount of assistance provided under an assistance contract for project-based assistance under this subsection or a contract for assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of this Act (as such section existed before October 1, 1983), the Secretary may increase the amount annually pro-

vided with respect to such project to provide for the costs of employing or otherwise retaining the services of one or more service coordinators under section 671 of the Housing and Community Development Act of 1992 to coordinate the provision of any services within the project for residents of the project who are elderly or disabled families.

"(j) TERMINATION OF ASSISTANCE CONTRACTS.—

"(1) TERMINATION OF TENANT-BASED ASSISTANCE.—

"(A) NOTICE BY OWNER.—Any owner terminating any assistance contract under this section for tenant-based assistance shall provide written notice to the public housing agency and the tenants involved of the proposed termination not less than 90 days before the termination of the contract. The notice shall specify the date of the termination and the reasons for the termination, with detail sufficient to enable the agency to evaluate whether the termination is lawful.

"(B) REVIEW OF NOTICE BY PHA.—The public housing agency shall review the notice and issue a written finding of the legality of the termination and the reasons for the termination. Within 30 days after issuance of the findings, the

owner shall provide written notice to each tenant of the decision, together with the written findings of the agency regarding the termination.

"(2) TERMINATION OF PROJECT-BASED ASSISTANCE CONTRACTS.—

"(A) NOTICE BY OWNER.—Any owner terminating any assistance contract under subsection (i) for project-based assistance shall provide written notice to the Secretary and the tenants involved of the proposed termination not less than one year before the termination of the contract. The notice shall specify the date of the termination and the reasons for the termination, with detail sufficient to enable the Secretary to evaluate whether the termination is lawful and whether additional actions can be taken by the Secretary to avoid the termination. The notice shall include a statement that the owner and the Secretary may agree to a renewal of the contract, thus avoiding the termination.

"(B) REVIEW OF NOTICE BY SECRETARY.—The Secretary shall review the notice, shall consider whether additional actions can be taken by the Secretary to avoid the termination, and shall ensure a proper adjustment of the contract rents

for the project in compliance with the requirements of subsection (d) and subparagraph (C) of this subsection. The Secretary shall issue a written finding of the legality of the termination and the reasons for the termination, including the actions considered or taken to avoid the termination. Within 30 days after issuance of the findings, the owner shall provide written notice to each tenant of the decision, together with the written findings of the Secretary regarding the termination. The Secretary and the owner shall complete the actions under this paragraph not later than the expiration of the 9-month period beginning upon the date that the owner provides written notice of termination under subparagraph (A).

"(3) ADJUSTMENT OF CONTRACT RENT.—If an owner provides notice of proposed termination under paragraph (1)(A) or (2)(A) and the contract rent is less than the maximum monthly rent for units assisted under this section, the Secretary shall adjust the contract rent based on the maximum monthly rent for units assisted under this section and the value of the low-income housing.

"(4) NOTICE OF RENT INCREASES.—Each assistance contract for assistance under this section shall require the owner to notify tenants at least 90 days before the expiration of the contract of any rent increase which may occur as a result of the expiration of such contract.

"(5) DEFINITION OF TERMINATION.—For purposes of this subsection, the term 'termination' means the expiration of the assistance contract or the refusal of the owner to renew an assistance contract, which shall include the termination of tenancy by an owner for business reasons.

"(k) RENTAL ASSISTANCE FOR MANUFACTURED HOUSING.—

"(1) IN GENERAL.—The Secretary may enter into contracts to make assistance payments under this subsection to assist low-income families by making rental assistance payments on behalf of any such family that utilizes a manufactured home as its principal place of residence. In carrying out this subsection, the Secretary may—

"(A) enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into assistance contracts to make such assistance payments to

the owners of such real property, if such owners agree to make good faith efforts to ensure that such property complies with local health and safety standards for water and sewage systems; or

"(B) enter into such contracts directly with the owners of such real property, if such owners agree to make good faith efforts to ensure that such property complies with local health and safety standards for water and sewage systems.

"(2) USE OF ASSISTANCE.—Rental assistance payments under this subsection may be made with respect to the rental of the real property on which is located a manufactured home that is owned by a low-income family or with respect to the rental by such a family of a manufactured home and the real property on which it is located.

"(3) ASSISTANCE FOR RENTAL OF MANUFACTURED HOME SITE.—

"(A) MAXIMUM MONTHLY RENT.—A contract entered into pursuant to this paragraph shall establish the maximum monthly rent (including maintenance and management charges) that the owner is entitled to receive for the space on which a manufactured home is located and

with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed an amount approved or established by the Secretary.

"(B) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of any monthly assistance payment with respect to any family that rents real property that is assisted under this paragraph, and on which is located a manufactured home that is owned by such family shall be the difference between the rent the family is required to pay under section 3(a) and the sum of—

"(i) the monthly payment made by such family to amortize the cost of purchasing the manufactured home;

"(ii) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(iii) the maximum monthly rent permitted with respect to the real property which is rented by such family for the purpose of locating its manufactured home;

except that in no case may such assistance exceed the total amount of such maximum monthly rent.

"(4) ASSISTANCE FOR RENTAL OF MANUFACTURED HOME AND SITE.—

"(A) MAXIMUM MONTHLY RENT.—Contracts entered into pursuant to this paragraph shall establish the maximum monthly rent permitted with respect to the manufactured home and the real property on which it is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed an amount approved or established by the Secretary.

"(B) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of any monthly assistance payment with respect to any family that rents a manufactured home and the real property on which it is located and that is assisted under this paragraph shall be the difference between the rent the family is required to pay under section 3(a) and the sum of—

"(i) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(ii) the maximum monthly rent permitted with respect to the manufactured home and real property on which it is located.

"(5) ADJUSTMENT OF MAXIMUM MONTHLY RENTS.—The provisions of paragraphs (3) through (7) of subsection (d) shall apply to the adjustments of maximum monthly rents under this subsection.

"(6) CONTRACT TERM.—Each contract entered into under the subsection shall be for a term of not less than one month and not more than 180 months; except that in any case in which the manufactured home park is substantially rehabilitated or newly constructed, such term may not be less than 240 months, nor more than the maximum term for a manufactured home loan permitted under section 2(b) of the National Housing Act.

"(7) APPLICABILITY.—The Secretary may carry out this subsection without regard to whether the manufactured home park is existing, substantially rehabilitated, or newly constructed.

"(8) LIMITATION ON SUBSTANTIALLY REHABILITATED AND NEWLY CONSTRUCTED MANUFACTURED HOME PARKS.—In the case of any substantially rehabilitated or newly constructed manufactured home

park containing spaces with respect to which assistance is made under this subsection, the principal amount of the mortgage attributable to the rental spaces within the park may not exceed an amount established by the Secretary which is equal to or less than the limitation for manufactured home parks described in section 207(c)(3) of the National Housing Act, and the Secretary may increase such limitation in high cost areas in the manner described in such section.

"(9) OTHER REQUIREMENTS.—The Secretary may prescribe other terms and conditions necessary for the purpose of carrying out this subsection and that are consistent with the purposes of this subsection.

"(l) SINGLE ROOM OCCUPANCY FACILITIES.—

"(1) AUTHORITY.—In making assistance available under this section and assistance under section 441 and part V of subtitle F of title IV of the Stewart B. McKinney Homeless Assistance Act, the Secretary may provide assistance with respect to residential properties in which some or all of the dwelling units do not contain bathroom or kitchen facilities, if the unit of general local government in which the property is located and the local public housing agency

certify to the Secretary that the property complies with local health and safety standards.

"(2) WAIVER OF LIMITATIONS ON ASSISTANCE FOR SINGLE PERSONS.—The Secretary may waive, in appropriate cases, the limitation and preference in section 3(b)(3)(A) with respect to the assistance made available under this subsection.

"(m) HOUSING FOR ELDERLY AND DISABLED FAMILIES.—

"(1) SHARED HOUSING.—To assist elderly families and disabled families (as defined in section 3(b)) who elect to live in a shared housing arrangement in which they benefit as a result of sharing the facilities of a dwelling with others in a manner that effectively and efficiently meets their housing needs and thereby reduces their costs of housing, the Secretary shall permit assistance provided under this section to be used by such families in such arrangements. In carrying out this subsection, the Secretary shall issue minimum habitability standards for the purpose of ensuring decent, safe, and sanitary housing for such families while taking into account the special circumstances of shared housing.

"(2) PRIORITY FOR NONELDERLY DISABLED FAMILIES.—In allocating assistance under this section, a

public housing agency that serves more than one unit of general local government may, at the discretion of the agency, give priority to disabled families that are not elderly families.

"(3) AUTHORITY TO PROVIDE PREFERENCES FOR THE ELDERLY AND RESERVE UNITS FOR THE DISABLED.—Notwithstanding subsection (h)(2) or (3), an owner of a covered section 8 housing project (as such term is defined in section 659 of the Housing and Community Development Act of 1992) may give preference for occupancy of dwelling units in the project, and reserve units for occupancy, in accordance with subtitle D of title VI of the Housing and Community Development Act of 1992.

"(n) ADMINISTRATIVE FEES.—

"(1) BASIC FEE FOR TENANT-BASED RENTAL PROGRAM.—The Secretary shall establish a fee for the costs incurred by a public housing agency in administering the program for rental assistance under this section, which shall be, together with other fees authorized under this subsection, included in any amounts provided to the public housing agency under the annual contributions contract for the agency. The amount of the fee for each month for which a dwelling unit is covered by an assistance contract shall be 8.2

percent of the fair market rental established under subsection (e) for a 2-bedroom existing rental dwelling unit in the market area of the public housing agency. The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

"(2) OTHER FEES.—The Secretary shall also establish reasonable fees (as determined by the Secretary) for—

"(A) the costs of preliminary expenses that a public housing agency documents it has incurred in connection with new allocations of assistance under the program for rental assistance under this section, which shall not exceed $275 per unit assisted;

"(B) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the program; and

"(C) extraordinary costs approved by the Secretary.

"(3) BUDGET COMPLIANCE.—The Secretary may establish or increase a fee in accordance with this subsection only to such extent or in such amounts as are provided in appropriation Acts.

"(4) FEES FOR 1995 AND 1996.—Notwithstanding any other provision of this subsection, the basic fee for the costs incurred by a public housing agency in administering the program for rental assistance under this section during fiscal years 1995 and 1996 shall be equal to the fee determined for fiscal year 1994 under section 11(a) of the HUD Demonstration Act of 1993.

"(o) PORTABILITY OF ASSISTANCE.—

"(1) AUTHORITY.—Except as provided in paragraphs (3) and (4), any family on behalf of whom is provided tenant-based rental assistance under this section and who moves to an eligible dwelling unit located within the same State, or the same or a contiguous metropolitan statistical area, as the metropolitan statistical area within which is located the area of jurisdiction of the public housing agency approving the assistance for the family, may use such assistance to rent such eligible dwelling unit.

"(2) ADMINISTRATION.—The public housing agency having authority with respect to the dwelling unit to which a family moves under this subsection shall have the responsibility of carrying out the provisions of this section with respect to the family. If no public housing agency has authority with respect to

the dwelling unit to which a family moves under this subsection, the public housing agency approving the assistance shall have such responsibility.

"(3) LOCAL OPTION TO ENSURE MINIMUM AREA RESIDENCY.—At the discretion of a public housing agency, the agency may provide that a family may use tenant-based rental assistance under this section to rent an eligible dwelling unit that is not located within the area of jurisdiction of the agency approving the assistance only if, before such use, the family has rented and occupied an eligible dwelling unit within such original jurisdiction for not less than 12 consecutive months using assistance provided by such agency.

"(4) PROHIBITION OF PORTABILITY IN CASES OF LEASE VIOLATION.—A family may not use tenant-based rental assistance as provided in paragraph (1) if the family has moved from a dwelling unit in violation of the lease for the dwelling unit.

"(5) ALLOCATIONS DUE TO PORTABILITY.—In determining the amount of rental assistance provided under an annual contributions contract for any fiscal year, the Secretary shall consider any reduction in the number of resident families incurred by a public

housing agency in the preceding fiscal year as a result of the provisions of this subsection.

"(6) PROVISION OF RENTAL ASSISTANCE FOR PORTABILITY PURPOSES.—

"(A) AMOUNT.—To the extent amounts for assistance under this section that are reserved under section 213(d)(4) of the Housing and Community Development Act of 1974 are available in a fiscal year, the Secretary shall provide rental assistance under this section in accordance with this paragraph.

"(B) USE.—Amounts provided for use under this paragraph shall be used only to provide a public housing agency with additional amounts (as determined under subparagraph (C)) to provide assistance for families on behalf of whom assistance is provided under this section by another public housing agency and who move into an eligible dwelling unit located within the area of jurisdiction of the agency to receive assistance under this paragraph.

"(C) REQUIREMENT.—Amounts provided for use under this paragraph may be made available to a public housing agency in a fiscal year only if, during such fiscal year, the agency

has provided assistance pursuant to the first sentence of paragraph (2) on behalf of families who have moved into eligible dwelling units located within the area of jurisdiction of the agency in an amount not less than the lesser of (i) 5 percent of total amount received by the agency for assistance under this section for the fiscal year, or (ii) the amount necessary to assist 25 percent of average annual number of families previously assisted by the agency who relinquish such assistance in a year (based on the preceding 3 calendar years).

"(p) PROHIBITION OF DISCRIMINATION.—In selecting families for the provision of assistance under this section, a public housing agency may not exclude or penalize a family solely because the family resides in a public housing project.

"(q) SPECIAL USES OF RENTAL ASSISTANCE.—

"(1) ASSISTANCE FOR RESIDENTS OF REHABILITATED PROJECTS.—In the case of low-income families living in rental projects rehabilitated under section 17 of this Act or section 533 of the Housing Act of 1949 before rehabilitation—

"(A) tenant-based rental assistance under this section shall be provided for families who

are required to move out of their dwelling units because of the physical rehabilitation activities or because of overcrowding;

"(B) at the discretion of each public housing agency, tenant-based rental assistance under this section may be provided for families who would have to pay more than 30 percent of their adjusted income for rent after rehabilitation whether they choose to remain in, or to move from, the project; and

"(C) the Secretary shall allocate tenant-based rental assistance provided under this section to ensure that sufficient resources are available to address the physical or economic displacement, or potential economic displacement, of existing tenants pursuant to subparagraphs (A) and (B).

"(2) LOAN MANAGEMENT ASSISTANCE.—

"(A) IN GENERAL.—The Secretary may provide assistance under this section through a loan management program to assist financially troubled multifamily residential housing projects (i) subject to mortgages that are insured under the National Housing Act or mortgages that have been assigned to the Secretary, (ii) that were

held by the Secretary and have been sold, and (iii) that were assisted under section 202 of the Housing Act of 1959.

"(B) ELIGIBILITY.—The eligibility of a multifamily residential project for loan management assistance under this paragraph shall be determined without regard to whether the project is subsidized or unsubsidized.

"(C) EXTENSION OF CONTRACT.—The Secretary shall extend any expiring contract entered into under this section for loan management assistance or execute a new contract for project-based loan management assistance, if the owner agrees to continue providing housing for low-income families during the term of the contract.

"(3) ASSISTANCE FOR FAMILY UNIFICATION.—

"(A) IN GENERAL.—The Secretary may provide assistance under this section to be used only in connection with tenant-based assistance under this section on behalf of any family (i) who is otherwise eligible for such assistance, and (ii) who the public child welfare agency for the jurisdiction has certified is a family for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child

or children in out-of-home care or the delayed discharge of a child or children to the family from out-of-home care.

"(B) ALLOCATION.—Any amounts made available under this paragraph shall be allocated by the Secretary through a national competition among applicants based on demonstrated need for assistance under this paragraph. To be considered for assistance, an applicant shall submit to the Secretary a written proposal containing a report from the public child welfare agency serving the jurisdiction of the applicant that describes how a lack of adequate housing in the jurisdiction is resulting in the initial or prolonged separation of children from their families, and how the applicant will coordinate with the public child welfare agency to identify eligible families and provide the families with assistance under this paragraph.

"(C) DEFINITIONS.—For purposes of this paragraph:

"(i) APPLICANT.—The term 'applicant' means a public housing agency.

"(ii) PUBLIC CHILD WELFARE AGENCY.—The term 'public child welfare agency'

means the public agency responsible under applicable State law for determining that a child is at imminent risk of placement in out-of-home care or that a child in out-of-home care under the supervision of the public agency may be returned to his or her family.

"(4) NEIGHBORHOOD CRIME FIGHTERS ASSISTANCE.—

"(A) ASSISTANCE.—To the extent amounts for assistance under this section are reserved under section 213(d)(4)(A) of the Housing and Community Development Act of 1974 for use under this paragraph, the Secretary may provide such amounts to any public housing agency approved under subparagraph (C) to make assistance payments under this paragraph on behalf of any family described under subparagraph (B) for the rental of a dwelling unit for the family that, in the determination of the public housing agency (after consultation with law enforcement agency concerned) provides for the protection of the family.

"(B) ELIGIBLE FAMILIES.—A family referred to in subparagraph (A) shall be any family that—

"(i) contains a member that has provided information to any Federal, State, or local law enforcement agency that such law enforcement agency determines substantially contributes to the arrest, criminal prosecution, or conviction of any person for any criminal activity in or near the area or neighborhood in which the person providing the information resides;

"(ii) is likely, in the determination of such law enforcement agency, to be subject to a crime of violence directed at the family on account of providing the information referred to in clause (i);

"(iii) is legally residing, at the time such information is provided to the law enforcement agency, in a dwelling unit in a public housing project administered by a public housing agency meeting the requirements of subparagraph (C) or in a dwelling unit assisted under this section by such a public housing agency; and

"(iv) is not protected or assisted, or to be protected or assisted, under chapter 224 of title 18, United States Code.

"(C) ELIGIBLE PHA'S.—The Secretary may provide amounts reserved for use under this paragraph only to public housing agencies approved by the Secretary under this subparagraph. The Secretary may approve only agencies that the Secretary determines have—

"(i) established sufficient cooperation with local law enforcement agencies to make determinations to provide assistance under this paragraph; and

"(ii) coordinated with local law enforcement agencies to promptly inform the public housing agency and the Secretary of any determination that assistance under this paragraph is appropriate for a family, except that such coordination shall be subject to the procedures established under subparagraph (F)(iii) to ensure confidentiality.

"(D) GUIDELINES.—

"(i) DETERMINATION OF NEED AND COORDINATION.—The Secretary shall estab-

lish guidelines jointly with the Attorney General that—

"(I) describe the types of situations under clauses (i) and (ii) of subparagraph (B) in which assistance may be provided under this paragraph, which shall include situations in which the information referred to in subparagraph (B)(i) is information regarding any crime that is detrimental to the health, safety, peace, or security of the area or neighborhood in which the family providing the information resides; and

"(II) describe elements of sufficient cooperation between public housing agencies and law enforcement agencies for purposes of subparagraph (C)(i).

"(ii) PROCEDURES.—The Secretary shall establish procedures for public housing agencies approved under subparagraph (C)—

"(I) to apply for, obtain, and administer amounts reserved for provid-

ing assistance under this paragraph on behalf of families eligible under subparagraph (B); and

"(II) to provide for the termination of the tenancy of any family assisted under this paragraph from the dwelling unit in which the family is residing so that such assistance may be utilized.

"(E) PHA ACTIONS.—Each public housing agency approved by the Secretary under subparagraph (C) shall—

"(i) periodically notify Federal, State, and local law enforcement agencies in the area of jurisdiction of the public housing agency of the availability of assistance under this paragraph;

"(ii) take such actions as may be appropriate to inform residents of public housing projects administered by the agency and dwelling units assisted under this section by the agency of the availability of such assistance; and

"(iii) coordinate with such law enforcement agencies to promptly inform the pub-

lic housing agency and the Secretary of any determination that assistance under this paragraph is appropriate for a family, except that such coordination shall be subject to the procedures established under subparagraph (F)(iii) to ensure confidentiality.

"(F) NOTICE AND CONFIDENTIALITY.—The Secretary shall—

"(i) periodically notify public housing agencies of the availability of assistance under this paragraph;

"(ii) encourage public housing agencies to cooperate and coordinate with law enforcement agencies to encourage residents of public housing projects and dwelling units assisted under this section to provide information to law enforcement agencies regarding criminal activity; and

"(iii) develop and implement procedures to ensure the confidentiality of the identity and new location of any family assisted under this paragraph.

"(G) OTHER ASSISTANCE.—A public housing agency that provides assistance under subparagraph (A) for a family and the law enforce-

ment agency involved shall ensure that the family is provided access to other assistance and services appropriate to ensure that the relocation of the family to the dwelling unit assisted under subparagraph (A) and the neighborhood of such dwelling unit occurs with the minimum possible amount of disruption to the life of the family.

"(H) LIABILITY.—The United States, and its officers and employees, shall not be subject to any civil liability on account of any decision to provide or not to provide protection under this paragraph.

"(r) RENEWAL OF EXPIRING CONTRACTS.—

"(1) 5-YEAR PLAN.—Not later than 30 days after the beginning of each fiscal year, the Secretary shall publish in the Federal Register a plan for reducing, to the extent feasible, year-to-year fluctuations in the levels of budget authority that will be required over the succeeding 5-year period to renew expiring assistance contracts entered into under this section after the enactment of the Housing and Community Development Act of 1974. To the extent necessary to carry out such plan and to the extent approved in appropriations Acts, the Secretary is authorized to enter into

annual contributions contracts with terms of less than 60 months.

"(2) NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION PROJECTS.—Subject only to the availability of budget authority to carry out this paragraph and to the absence of owners agreeing to enter into new contracts, the Secretary shall enter into new contracts under subtitle D of title I of the Housing and Community Development Act of 1994 to provide project-based assistance for qualified housing (as such term is defined in section 163 of such subtitle) to owners of such housing.

"(s) GENERAL PROVISIONS.—

"(1) PLEDGING ASSISTANCE CONTRACTS AS SECURITY.—An owner may pledge, or offer as security for any loan or obligation, an assistance contract entered into pursuant to this section, but only if such security is in connection with a project constructed or rehabilitated pursuant to authority under this section and the terms of the financing or any refinancing have been approved by the Secretary.

"(2) HOUSING COUNSELING FOR RENTAL CHOICE.—Each public housing agency that provides rental housing assistance under this section on behalf of low-income families shall notify such assisted fami-

lies of the availability of any entity in the jurisdiction of the agency providing rental housing counseling under section 106(a)(4) of the Housing and Urban Development Act of 1968.

"(t) HOMEOWNERSHIP OPTION.—A public housing agency providing assistance under this section may, at the option of the agency, provide assistance for homeownership under this subsection as follows:

"(1) USE OF ASSISTANCE FOR HOMEOWNERSHIP.—A family receiving tenant-based assistance under this section may receive assistance for occupancy of a dwelling owned by one or more members of the family if the family—

"(A) is a first-time homeowner;

"(B)(i) participates in the family self-sufficiency program under section 23 of the public housing agency providing the assistance; or

"(ii) demonstrates that the family has income from employment or other sources (other than public assistance), as determined in accordance with requirements of the Secretary, that is not less than twice the fair market rental for the area established under subsection (e)(1) (or such other amount as may be established by the Secretary);

"(C) except as provided by the Secretary, demonstrates at the time the family initially receives tenant-based assistance under this subsection that one or more adult members of the family have achieved employment for the period as the Secretary shall require;

"(D) participates in a homeownership and housing counseling program provided by the agency; and

"(E) meets any other initial or continuing requirements established by the public housing agency in accordance with requirements established by the Secretary.

"(2) MONTHLY ASSISTANCE PAYMENT.—

"(A) IN GENERAL.—Notwithstanding any other provisions of this section governing determination of the amount of assistance payments under this section on behalf of a family, the monthly assistance payment for any family assisted under this subsection shall be the amount by which the fair market rental for the area established under subsection (e)(1) exceeds 30 percent of the family's monthly adjusted income; except that the monthly assistance payment shall not exceed the amount by which the monthly

homeownership expenses, as determined in accordance with requirements established by the Secretary, exceeds 10 percent of the family's monthly income.

"(B) EXCLUSION OF EQUITY FROM INCOME.—For purposes of determining the monthly assistance payment for a family, the Secretary shall not include in family income an amount imputed from the equity of the family in a dwelling occupied by the family with assistance under this subsection.

"(3) RECAPTURE OF CERTAIN AMOUNTS.—Upon sale of the dwelling by the family, the Secretary shall recapture from any net proceeds the amount of additional assistance (as determined in accordance with requirements established by the Secretary) paid to or on behalf of the eligible family as a result of paragraph (2)(B).

"(4) DOWNPAYMENT REQUIREMENT.—Each public housing agency providing assistance under this subsection shall ensure that each family assisted shall provide from its own resources not less than 80 percent of any downpayment in connection with a loan made for the purchase of a dwelling. Such resources may include amounts from any escrow account for

the family established under section 23(d). Not more than 20 percent of the downpayment may be provided from other sources, such as from nonprofit entities and programs of States and units of general local government.

"(5) INELIGIBILITY UNDER OTHER PROGRAMS.—A family may not receive assistance under this subsection during any period when assistance is being provided for the family under other Federal homeownership assistance programs, as determined by the Secretary, which shall include 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.

"(6) INAPPLICABILITY OF CERTAIN PROVISIONS.—Assistance under this subsection shall not be subject to the requirements of the following provisions:

"(A) Subsection (h)(5) of this section.

"(B) Any other provisions of this section governing maximum amounts payable to owners and amounts payable by assisted families.

"(C) Any other provisions of this section concerning contracts between public housing agencies and owners.

"(D) Any other provisions of this Act that are inconsistent with the provisions of this subsection.

"(7) REVERSION TO RENTAL STATUS.—

"(A) FHA-INSURED MORTGAGES.—If a family receiving assistance under this subsection for occupancy of a dwelling defaults under a mortgage for the dwelling insured by the Secretary under the National Housing Act, the family may not continue to receive rental assistance under this section unless the family (i) transfers to the Secretary marketable title to the dwelling, (ii) moves from the dwelling within the period established or approved by the Secretary, and (iii) agrees that any amounts the family is required to pay to reimburse the escrow account under section 23(d)(3) may be deducted by the public housing agency from the assistance payment otherwise payable on behalf of the family.

"(B) OTHER MORTGAGES.—If a family receiving assistance under this subsection defaults under a mortgage not insured under the National Housing Act, the family may not continue to receive rental assistance under this section un-

less it complies with requirements established by the Secretary.

"(C) ALL MORTGAGES.—A family receiving assistance under this subsection that defaults under a mortgage may not receive assistance under this subsection for occupancy of another dwelling owned by one or more members of the family.

"(8) DEFINITION OF FIRST-TIME HOMEOWNER.—For purposes of this subsection, the term 'first-time homeowner' means—

"(A) a family, no member of which has had a present ownership interest in a principal residence during the 3 years preceding the date on which the family initially receives assistance for homeownership under this subsection; and

"(B) any other family, as the Secretary may prescribe.

"(u) DEFINITIONS.—For purposes of this section:

"(1) ANNUAL CONTRIBUTIONS CONTRACT.—The term 'annual contributions contract' means a contract under subsection (b) between the Secretary and a public housing agency to provide amounts for rental assistance payments under this section to the public housing agency.

"(2) ASSISTANCE CONTRACT.—The term 'assistance contract' means a contract under subsection (c) between a public housing agency (or the Secretary) and an owner to make rental assistance payments under this section to the owner.

"(3) DEBT SERVICE.—The term 'debt service' means the required payments for principal and interest made with respect to a mortgage secured by housing assisted under this Act.

"(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) OWNER.—The term 'owner' means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, having the legal right to lease or sublease dwelling units, and such term shall include any principals, general partners, primary shareholders, and other similar participants in any entity owning a multifamily housing project (as such term is defined in subsection (p)(3)), as well as the entity itself.

"(6) PARTICIPATING JURISDICTION.—The term 'participating jurisdiction' means a State or unit of general local government designated by the Secretary to be a participating jurisdiction under title II of the Cranston-Gonzalez National Affordable Housing Act.

"(7) PROJECT-BASED ASSISTANCE.—The term 'project-based assistance' means rental assistance under this section that is attached to a structure pursuant to subsection (i).

"(8) 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.

"(9) RENTAL ASSISTANCE.—The term 'rental assistance' means assistance provided under this section on behalf of low-income families for the rental of a dwelling unit.

"(10) TENANT-BASED ASSISTANCE.—The term 'tenant-based assistance' means rental assistance under this section that is not project-based assistance.".

(b) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 is amended—

(A) in section 3(a)(1) (42 U.S.C. 1437a(a)(1)), by striking ''(other than a family assisted under section 8(o) or (y) or paying rent under section 8(c)(3)(B))'' and inserting ''(other than a family assisted under section 8(t) or paying rent under section 8(f)(2))'';

(B) in section 5 (42 U.S.C. 1437c)—

(i) in subsection (c)(7)(C), by striking ''section 8(b)(1)'' each place it appears and inserting ''section 8'';

(ii) in subsection (j)(1)(B)(i), by striking ''section 8(o)(6)'' and inserting ''section 8''; and

(iii) in subsection (j)(1)(D), by striking ''subsection (b) or (o) of'';

(C) in section 6(p)(1)(B) (42 U.S.C. 1437d(p)(1)(B)), by striking ''holding certificates and vouchers'' and inserting ''eligible and approved for assistance'';

(D) in section 21(b)(3)—

(i) by striking ''a certificate under section 8(b)(1) or a housing voucher under section 8(o)'' and inserting ''tenant-based assistance under section 8''; and

(ii) by striking ''such certificate'' and inserting ''such assistance'';

(E) in section 23—

(i) in subsection (a), by striking ''assistance under the certificate and voucher programs'' and inserting ''tenant-based assistance'';

(ii) in subsection (b)—

(I) in paragraph (1), by striking ''assistance under subsection (b) or (o) of'' and inserting ''tenant-based assistance under''; and

(II) in paragraph (4), by striking ''Assistance under the certificate or voucher programs'' and inserting ''Tenant-based assistance'';

(iii) in subsection (c)(1), by striking ''assistance under the certificate and voucher programs of'' and inserting ''tenant-based assistance from'';

(iv) in subsection (d)(3) (as added by section 185(b) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3747)), by striking ''section 8(y)'' and inserting ''section 8(t)''; and

(v) in subsection (h)(1)—

(I) by striking ''section 8(q) for the costs incurred in administering the provision of certificate and voucher'' and inserting ''section 8(n) for the costs incurred in administering the provision of tenant-based''; and

(II) by striking ''section 8(q)(2)(A)(i)'' and inserting ''section 8(n)(2)(A)''; and

(G) in section 304(g)(3) (42 U.S.C. 1437aaa–3(g)(3)), by striking ''section 8(b)(2) and section 8(o)(9)'' and inserting ''section 8''.

(2) ALLOCATION OF ASSISTED HOUSING FUNDS.—Section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439) is amended—

(A) in subsection (d)—

(i) in paragraph (1)(A)(ii), by striking ''section 8(b)(1)'' each place it appears and inserting ''section 8''; and

(ii) in paragraph (2), by striking ''section 8(d)'' and inserting ''section 8(i)'';

(B) in subsection (e), by striking ''section 8(b)(1)'' and inserting ''section 8''.

(3) SUPPORTIVE HOUSING FOR ELDERLY FAMILIES.—Section 801(d)(1)(B) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q note) is amended by striking ''section 8(c)(1)'' and inserting ''section 8(e)''.

(4) ELDERLY INDEPENDENCE.—Section 803 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012) is amended—

(A) in subsection (a), by striking ''housing certificates and vouchers'' and inserting ''assistance under section 8 of the United States Housing Act of 1937''; and

(B) in subsection (b)—

(i) in the 1st sentence, by striking ''not more than 1,500 incremental vouchers and certificates under sections 8(b) and 8(o) of the United States Housing Act of 1937'' and inserting ''incremental assistance under section 8 of the United States Housing Act of 1937 on behalf of not more than 1,500 frail elderly persons'';

(ii) in the 3rd sentence, by striking ''the housing certificate or voucher program of the agency'' and inserting ''the agency's

program for assistance under such section 8''; and

(iii) in the last sentence, by striking ''sections 8(b) and 8(o)'' and inserting ''section 8''.

(5) REVISED CONGREGATE HOUSING SERVICES.—Section 802(k)(6)(B) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(k)(6)(B)) is amended by striking ''subsection (d)(2)'' and inserting ''subsection (i)''.

(6) HOUSING FOR PERSONS WITH AIDS.—Subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act is amended—

(A) in section 859(a)(2) (42 U.S.C. 12908(a)(2)) by striking ''section 8(p)'' each place it appears and inserting ''section 8(m)(1)''; and

(B) in section 860(a) (42 U.S.C. 12909(a)), by striking ''section 8(n)'' and inserting ''section 8(l)''.

(7) MC KINNEY ACT.—Section 441(b) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(b)) is amended—

(A) by striking ''section 8(n)'' and inserting ''section 8(l)''; and

(B) by adding at the end the following new sentence: ''Moderate rehabilitation under this section shall be carried out in the manner provided under the provisions of section 8(e) of the United States Housing Act of 1937, as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994.''.

(8) FLEXIBLE SUBSIDY PROGRAM.—Section 201 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a) is amended—

(A) in subsection (m)(2)(A), by striking ''section 8(b)(1)'' and inserting ''section 8''; and

(B) in subsection (o), by striking ''section 8(v)'' and inserting ''section 8(q)(2)''.

(9) HUD-OWNED PROJECTS.—Section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11) is amended—

(A) in subsection (e)(1)(D)—

(i) in clause (i)(IV), by inserting before the semicolon the following: '', as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National

Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994''; and

(ii) in clause (ii), by striking ''section 8(b)'' and inserting ''section 8'';

(B) in subsection (g)(2), by striking '', 8(d)(1)(A)(i), and 8(o)(3)(B)'' and inserting '' and 8(h)(2)(iii)''; and

(C) in subsection (h)(2), by striking ''section 8(c)'' and inserting ''section 8(e)''.

(10) HOUSING ACCESS.—Section 204 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–12) is amended by striking ''to a holder of a certificate of eligibility under that section solely because of such prospective tenant's status as a certificate holder'' and inserting ''to a family that is approved for assistance under such section solely because of such the family's status as assisted under such section''.

(11) ELIHPA OF 1987.—The references in sections 225(b)(3)(D), 226(a)(3), and 228(a)(4) of the Emergency Low Income Housing Preservation Act of 1987 (as in effect immediately before the enactment of the Cranston-Gonzalez National Affordable Housing Act) to section 8(b) of the United States Housing Act

of 1937 shall be considered to refer to section 8(e) of the United States Housing Act of 1937 (as amended by the Housing and Community Development Act of 1994).

(12) LIHPRHA OF 1990.—Title II of the Housing and Community Development Act of 1987 (42 U.S.C. 4101 et seq.) is amended—

(A) in section 215(a)—

(i) in paragraph (1), by striking ''section 8(c)'' and inserting ''section 8(e)''; and

(ii) in paragraph (2), by striking ''section 8(c)(1)'' and inserting ''section 8(e)(1)'';

(B) in section 220(d)(3)(B), by striking ''section 8(c)'' and inserting ''section 8(e)'';

(C) in section 222—

(i) in subsection (a)(2)(D), by striking ''section 8(c)'' and inserting ''section 8(e)''; and

(ii) in subsection (d)(2)(C)(i), by striking ''sections 8(b) and 8(o) of the United States Housing Act of 1937 (other than project-based assistance attached to the housing)'' and inserting ''tenant-based as-

sistance under section 8 of the United States Housing Act of 1937'';

(D) in section 223(a), by striking ''the certificate and voucher programs under sections 8(b) and 8(o)'' and inserting ''section 8''; and

(E) in section 226(b)(6)(B), by striking ''sections 8(d)(1)(A) and 8(o)(3)'' and inserting ''section 8(h)(2)''.

(13) DISASTER RELIEF.—

(A) TENANT-BASED ASSISTANCE.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended—

*(i) in the section heading, by striking ''**CERTIFICATES AND VOUCHERS**'' and inserting ''**TENANT-BASED ASSISTANCE**''; and*

(ii) by striking ''assistance under the certificate and voucher programs under sections 8 (b) and (o)'' and inserting ''tenant-based assistance under section 8''.

(B) MODERATE REHABILITATION ASSISTANCE.—Section 932 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by inserting after ''such

Act'' the following: '', as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994,''.

(14) PUBLIC HOUSING MINCS DEMONSTRATION.—Section 522(f)(6)(B) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(A) by striking ''assistance under section 8(b)'' and inserting ''tenant-based assistance under section 8''; and

(B) by striking ''section 8(d)(1)(A)(i)'' and inserting ''section 8(h)(2)''.

(15) PUBLIC HOUSING NEW CONSTRUCTION INCOME ELIGIBILITY.—Section 545(c)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended by striking ''section 8(d)(1)(A)(ii)'' and inserting ''section 8(h)(3)''.

(16) SECTION 8 EXCESSIVE RENT BURDEN DATA.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(A) in paragraph (1), by striking ''under the certificate and voucher programs established'' and inserting ''with tenant-based assistance'';

(B) in the first sentence of paragraph (2), by striking '', for each'' and all that follows through ''participating in the program'' and inserting ''the percentage of families receiving tenant-based assistance''; and

(C) in paragraph (3), by striking ''assistance under the certicate or voucher program'' and inserting ''tenant-based assistance under section 8 of the United States Housing Act of 1937''.

(17) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m) is amended by striking ''assistance payments as provided by section 8(o)'' and inserting ''tenant-based assistance payments under section 8 (including assistance in accordance with section 8(f)(2)''.

(18) FEDERALLY ASSISTED HOUSING OCCUPANCY STANDARDS.—Section 643(b)(2) of the Housing and Community Development Act of 1992 (42 U.S.C. 13603(b)(2)) is amended by striking ''section 8(d)(1)'' and inserting ''section 8(h)''.

(19) RESERVATION OF SECTION 8 UNITS FOR DISABLED FAMILIES.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking ''section 8(d)(1)(A)(i) of the United States Housing Act of 1937 and the first sentence of section 8(o)(3)(B) of such Act'' and inserting ''section 8(h)(2) of the United States Housing Act of 1937''.

(20) GAO REPORT ON LEAD EXPOSURE.—Section 1056(a) of the Housing and Community Development Act of 1992 (42 U.S.C. 4855) is amended by striking ''subsections (b) and (o) of''.

(21) NATIONAL HOUSING ACT.—The National Housing Act is amended—

(A) in section 203(v) (12 U.S.C. 1709(v)), as added by section 185(c)(1)(B) of the Housing and Community Development Act of 1992, by striking ''section 8(y)'' and inserting ''section 8(t)''; and

(B) in section 236(f)(5)(A)(i) (12 U.S.C. 1715z–1(f)(5)(A)(i)), by striking ''section 8(c)'' and inserting ''section 8(e)''.

(c) APPLICABILITY.—The amendments under this section are made on the date of the enactment of this Act, but shall apply on and after October 1, 1995, only to assistance

under section 8 of the United States Housing Act of 1937 provided pursuant to an assistance contract entered into or renewed on or after such date. Any such assistance provided pursuant to an assistance contract entered into before such date shall be subject to the provisions of such section 8 as in effect immediately before the enactment of this Act or otherwise applicable to such assistance.

(d) TRANSITION.—

(1) CONVERSION.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs, as such programs existed before the date of the enactment of this Act, to the certificate program established under the amendments under this section.

(2) CONTINUATION OF ASSISTANCE.—The Secretary of Housing and Urban Development shall take any action necessary to ensure that the provision of assistance under section 8 of the United States Housing Act of 1937 to families receiving assistance under such section on the date of the enactment of this Act is not interrupted because of the amendments under this section.

(e) REGULATIONS.—The Secretary shall implement the amendments under this section by regulation issued after notice and opportunity for public comment.

SEC. 143. INCENTIVES TO REFINANCE HIGH INTEREST MORTGAGES FOR SECTION 8 PROJECTS.

Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

''(v) REFINANCING INCENTIVE.—For a project that (1) was constructed, substantially rehabilitated, or moderately rehabilitated under this section, (2) is subject to an assistance contract under this section, and (3) was subject to a mortgage that has been refinanced under section 223(a)(7) or section 223(f) of the National Housing Act to lower the periodic debt service payments of the owner, the Secretary may pay the owner the amount of the up front costs to the owner of refinancing. The Secretary may make such payments only from savings in the amount of assistance payments, as determined by the Secretary on a project-by-project basis and after application of amounts in accordance with section 1012 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, that result from the refinancing during the first year after the refinancing.''.

SEC. 144. DEMONSTRATION PROGRAM FOR USE OF EXCESS RESIDUAL RECEIPTS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall carry out a demonstration program, in conjunction with State housing agencies, under

which the Secretary, at the request of owners of qualified projects, makes amounts in the account for residual receipts or excess amounts for the qualified projects available for use under model programs to expand the supply of affordable housing.

(b) LIMITATION.—The Secretary may not make any amounts available for use under the demonstration program under this section from the account of a qualified project for residual receipts or excess amounts unless the amount remaining in the account, together with replacement reserves for the project, is sufficient (in the determination of the Secretary) to maintain, manage, and preserve the project as affordable housing.

(c) QUALIFIED PROJECTS.—For purposes of this section, the term ''qualified project'' means a housing project—

(1) assisted with project-based assistance under section 8 of the United States Housing Act of 1937; or

(2) constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as such section existed before November 30, 1983.

SEC. 145. TREATMENT OF CERTAIN PROJECTS.

(a) CONVERSION OF SECTION 23 PROJECT.—From amounts available for the conversion of the Tamaqua

Highrise project in the Borough of Tamaqua, Pennsylvania, from a leased housing contract under section 23 of the United States Housing Act of 1937 to tenant-based assistance under section 8 of such Act, the Secretary of Housing and Urban Development shall, to the extent such amounts are made available in appropriation Acts, enter into an obligation for the conversion of the project to a project-based rental assistance contract under section 8 of such Act, notwithstanding the requirement for rehabilitation or the percentage limitations under section 8(d)(2) of such Act (as in effect before the date of the enactment of this Act) and subparagraph (A) of section 8(i)(2) of such Act (as amended by section 143 of this Act).

(b) COMPLIANCE WITH REHABILITATION REQUIREMENT.—Rehabilitation activities undertaken by E.T.C. Enterprises in connection with 16 scattered-site dwelling units that were rehabilitated to provide housing for low-income families and are located in Perth Amboy, New Jersey, are hereby deemed to have been conducted pursuant to an agreement with the Secretary of Housing and Urban Development under clause (ii) of the third sentence of section 8(d)(2)(A) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act) and subparagraph (A) of section 8(i)(2) of such Act (as amended by section 143 of this Act).

SEC. 146. STUDY OF EXTENT OF NONPARTICIPATION OF OWNERS AND LANDLORDS IN SECTION 8 RENTAL ASSISTANCE PROGRAM.

The Secretary of Housing and Urban Development shall conduct a study—

(1) to determine the extent to which the requirements of section 8(p)(2) of the United States Housing Act of 1937 (as amended by this Act) and section 8(t) of such Act (as in effect before the enactment of this Act) cause owners of multifamily rental housing to abstain from entering into contracts for housing assistance payments under such section; and

(2) to identify other factors causing owners of such housing to abstain from entering into such contracts.

In conducting the study, the Secretary shall consult a significant number of owners in a wide range of areas. The Secretary shall submit a report to the Congress describing the results of the study not later than February 1, 1996.

SEC. 147. STUDY OF SECTION 8 HOUSING QUALITY STANDARDS.

The Secretary of Housing and Urban Development shall conduct a study of the existing standards for housing quality for dwelling units assisted under the program for rental assistance under section 8 of the United States Housing Act of 1937. The study shall determine—

(1) whether the standards are effective in ensuring decent, safe, and sanitary housing;

(2) how, and the extent to which, the standards are enforced; and

(3) how the standards or the enforcement of the standards may be improved.

The Secretary shall submit a report to the Congress not later than 2 years after the date of the enactment of this Act describing the results of the study and containing any recommendations of the Secretary to carry out paragraph (3).

Subtitle D—Renewal of Expiring Contracts for Section 8 New Construction and Substantial Rehabilitation Projects

SEC. 151. FINDINGS AND PURPOSE.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) housing built or substantially rehabilitated pursuant to section 8 of the United States Housing Act of 1937 is an important national resource that has provided decent, safe, and affordable housing to hundreds of thousands of low-income families who otherwise would not have obtained affordable housing;

(2) the Federal Government is the steward of this assisted housing stock and has an affirmative obligation to preserve it as housing for low-income families, consistent with considerations of fairness to all interested parties, including owners, residents, property managers, the community in which the housing is located, and taxpayers;

(3) because section 8(e)(1) of the United States Housing Act of 1937 (as in effect prior to November 30, 1983) provided, for the most part, that contracts to make assistance payments to owners of newly constructed or substantially rehabilitated housing financed with assistance of a loan made by, or insured, guaranteed or intended for purchase by the Federal Government, other than pursuant to section 244 of the National Housing Act, could not exceed 20 years and because such housing was constructed or substantially rehabilitated during the period from 1975 to 1985, a substantial number of contracts that provide for such assistance will soon expire (with other housing constructed or substantially rehabilitated pursuant to such section of law supported through housing assistance contracts of longer duration, which will expire at a later time);

(4) failure to enter into new housing assistance contracts under equitable and financially sound terms and conditions will reduce the supply of decent, safe, and affordable housing for low-income Americans, while the demonstrated need for such housing remains great;

(5) in order for the urban and rural population centers of the United States to regain their viability, the housing stock in such population centers must be preserved, which includes preserving housing built or substantially rehabilitated under section 8 of the United States Housing Act of 1937;

(6) assisted housing projects located in areas of relative affluence can promote racial, social, and economic integration, and such projects should be maintained as part of the affordable housing inventory to the maximum extent practicable;

(7) the number of units of housing currently receiving project-based section 8 assistance should not be reduced as a result of the expiration of any current contracts; and

(8) the number of households currently assisted by reason of residence in housing projects receiving project-based section 8 assistance should not be reduced as a result of the expiration of any current con-

tracts to provide project-based assistance, though some of the specific families currently living in such housing may either receive such assistance in another location or become recipients of tenant-based assistance under appropriate circumstances (with the preference, as a matter of public policy, to the continued assistance of such households through project-based assistance).

(b) PURPOSE.—It is the purpose of this subtitle to provide for the preservation of affordable housing constructed or substantially rehabilitated pursuant to section 8 of the United States Housing Act of 1937, and to provide affordable housing opportunities for at least the same number of families as are provided such housing by reason of their residence in housing projects receiving project-based assistance under such section, in a manner that is administratively efficient, cost-effective, and fair to all interested parties, including owners, residents, property managers and the communities in which the housing is located.

SEC. 152. NOTICES OF CONTRACT EXPIRATION AND INTENTION TO RENEW.

(a) NOTICE TO OWNER.—Not later than 27 months before the date of expiration of an expiring contract (or, in the case of a qualified project subject to an expiring contract for which the date of expiration occurs less than 27 months

after the date of the enactment of this Act, not later than 6 months after the date of enactment of this Act), the Secretary shall notify the owner of the qualified project, in writing, that the owner has an affirmative obligation pursuant to subsection (b).

(b) NOTICE BY OWNER TO SECRETARY.—Not later than 24 months before the date of expiration of an expiring contract (or, in the case of a qualified project subject to an expiring contract for which the date of expiration occurs less than 27 months after the date of the enactment of this Act, not later than 9 months after the date of enactment of this Act), the owner of the qualified project shall simultaneously—

(1) submit to the Secretary written notice stating whether or not the owner intends to enter into a new contract pursuant to this subtitle for project-based assistance for the qualified project; and

(2) submit a copy of the notice to the chief executive officer of the State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary may require.

(c) SUBMISSION OF PROPOSAL TO ENTER INTO NEW CONTRACT.—If in the notice required by subsection (b) the owner indicates an intention to enter into a new contract for assistance for the qualified project, not later than 3 months after submitting such notice to the Secretary, the owner shall simultaneously—

(1) submit to the Secretary a proposal specifying terms and conditions for the new contract, which shall comply with the requirements for new contracts under this subtitle; and

(2) submit a copy of the notice to the chief executive officer of the State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary may require.

(d) CAPITAL NEEDS ASSESSMENT.—

(1) REQUIREMENT.—Within a reasonable period of time after receiving a proposal under subsection (c) to enter into a new contract for a qualified project, the Secretary shall conduct a comprehensive assessment of the needs of the project to determine the rehabilitation needs and replacement reserves necessary to

preserve the project during the ensuing 10-year period.

(2) CONTENT.—The assessment shall obtain the same information regarding the qualified project that is required to be contained in a comprehensive needs assessment under section 403 of the Housing and Community Development Act of 1992 for a covered multifamily housing property subject to title IV of such Act, shall assess the management performance for the project, and shall obtain any other information as the Secretary considers appropriate for purposes of this subtitle regarding the project, tenants, and market area in which the project is located.

(e) TENANT AND COMMUNITY PARTICIPATION.—

(1) ESTABLISHMENT OF PROCEDURES.—The Secretary shall establish procedures that provide an opportunity for tenants of a qualified project (including any resident council) and other affected parties to participate effectively in the process established under this section and section 153 to determine whether and under what terms and conditions a new contract will be provided for the project or other assistance will be made available.

(2) CONTENT OF PROCEDURES.— The procedures established under this subsection shall include provid-

ing timely and adequate written notice of the proposed decisions of the owner and the Secretary regarding the qualified project, timely access to all relevant information (not including information determined to be proprietary under standards established by the Secretary), an adequate period to analyze such information and submit comments to the Secretary (which the Secretary shall take into consideration in carrying out this subtitle), and, if requested, arranging meetings with representatives of the Secretary and the owner.

(3) APPLICABILITY.—The procedures established under this subsection shall provide for the participation of tenants of a qualified project and other affected parties in at least the following actions:

(A) Physical inspection of the qualified property under section 155(b) and determination of capital needs of a property pursuant to subsection (d).

(B) Any determination under section 154 regarding the owner of the project.

(C) Review of notice and any proposal submitted by the owner under subsections (b) and (c) of this section.

(D) Determination of the response of the Secretary under section 153.

(E) Determination of the terms of any new contract for the project.

(F) Establishing and carrying out any plan for sale of the project under section 157(c)(1).

(G) Establishing and carrying out of any plan to provide assistance under subsection (d) or (f) of section 157.

(4) MINIMUM PERIOD FOR TENANT NOTIFICATION.—The Secretary shall notify tenants of a qualified project of any agreement to enter into a new contract for the project or of the failure to enter into a new contract for the project, as the case may be, not less than 12 months before the expiration of expiring contract. If, in the case of a failure to enter into a new contract for a qualified project, the Secretary fails to comply with the requirement under the preceding sentence, the Secretary shall (subject only to the availability of budget authority) provide such additional assistance as may be necessary to extend the contract for such 12-month period.

SEC. 153. SECRETARY'S RESPONSE TO OWNER'S PROPOSAL.

(a) REQUIREMENT.—Except in the case of an owner who submits a notice under section 152(b) stating an inten-

tion not to enter into a new contract and in the case of rejection of an owner's proposal under subsection (c), not later than 90 days after an owner submits a proposal under section 152(c) for a qualified project (or not later than 30 days after the expiration of the period under section 152(b), in the case of an owner failing to provide notice under such subsection), the Secretary shall take action under subsection (b) to enter into a new contract.

(b) RESPONSE TO OWNER'S PROPOSAL.—Subject only to the availability of budget authority, the Secretary shall take the following actions:

(1) STATUS QUO CONTRACTS.—In the case of a qualified project for which the maximum monthly rents for units in the project that are assisted under the expiring contract do not (24 months before the date of the expiration of the contract) exceed 110 percent of the fair market rentals for dwelling units of the applicable sizes and types of dwelling units in the market area in which the qualified housing is located and a qualified project for which the owner agrees to reduce the maximum monthly rents so that the rents do not exceed 110 percent of such fair market rentals—

(A) if the owner's proposal under section 152(c) provides for establishing maximum

monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(a) and otherwise complies with the requirements of this subtitle, the Secretary shall agree to the owner's proposal and shall enter into a new contract for the project; and

(B) if the owner's proposal under section 152(c) does not provide for establishing maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(a) or otherwise fails to comply with the requirements of this title, or the owner has failed to submit a proposal, the Secretary shall make an offer to enter into a new contract for the project (by modifying the owner's proposal under section 152(c), if the owner has submitted a proposal) and, if the owner accepts, the Secretary shall enter into such a new contract for the project.

The Secretary may not offer or agree to enter into a new contract for a qualified project, or enter into such a contract, that establishes maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(a) unless

the maximum monthly rents under the expiring contract for the project meet the requirements of the matter in this paragraph preceding subparagraph (A).

(2) BUDGET-BASED CONTRACTS.—In the case of a qualified project for which the maximum monthly rents for units in the project that are assisted under the expiring contract (24 months before the date of the expiration of the contract) exceed 110 percent of the fair market rentals for dwelling units of the applicable sizes and types of dwelling units in the market area in which the qualified housing is located—

(A) if the owner's proposal under section 152(c) provides for establishing maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(b) and otherwise complies with the requirements of this subtitle, the Secretary shall agree to the owner's proposal under section 152(c) and shall enter into a new contract for the project; and

(B) if the owner's proposal under section 152(c) does not provide for establishing maximum monthly rents under the contract for dwelling units in the project pursuant to the procedure under section 156(b) or otherwise fails to

comply with the requirements of this title, or the owner has failed to submit a proposal, the Secretary shall make an offer to enter into a new contract for the project (by modifying the owner's proposal under section 152(c), if the owner has submitted a proposal) and, if the owner accepts, the Secretary shall enter into such a new contract for the project.

(3) AVOIDING OVERCONCENTRATION OF LOW-INCOME HOUSING.—Notwithstanding paragraphs (1) and (2), with respect to a qualified project for which the Secretary is to provide a new contract under either such paragraph, the Secretary may reduce the number of dwelling units otherwise required to be assisted under the new contract (pursuant to section 155(a)(3)) if—

(A) the Secretary determines that the project is located in a market area in which there is a high concentration of dwelling units occupied by or affordable to very low-income families;

(B) the Secretary consults with the owner of the project, the tenants of the project (including any resident council), and representatives of the community in which the project is located re-

garding such reduction and action under subparagraph (D);

(C) the owner and affected tenants consent to the reduction and action under subparagraph (D);

(D) the Secretary provides project-based assistance for a number of dwelling units that is not less than the difference between the number of units otherwise required to be assisted under the new contract and the number actually assisted under the new contract; and

(E) the dwelling units assisted under subparagraph (D) are located in market areas other than the area in which the qualified project is located and such areas do not have a high concentration of dwelling units occupied by or affordable to very low-income families.

The Secretary shall determine the maximum monthly rents for dwelling units assisted under subparagraph (D) using the procedures under paragraph (2) of this subsection and section 156. In determining the maximum monthly rents under the new contract for any dwelling units in the qualified project, the allowance under section 156(b)(1)(G) may be increased to reflect

higher costs per unit assisted attributable to assisting less units.

(c) REJECTION OF OWNER'S PROPOSAL.—The Secretary may reject a proposal submitted pursuant to section 152(c) only for a reason contained in the regulations issued under section 154.

(d) NOTICE OF SECRETARY'S ACTION.—The Secretary shall simultaneously—

(1) submit written notice of any action under subsection (b) or (c) to the owner of the qualified project for which such action is taken; and

(2) submit a copy of the notice to the chief executive officer of the appropriate State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary may require.

Notice under this subsection shall be submitted not later than the expiration of the period for the qualified project referred to in subsection (a). If the Secretary does not provide notice to the owner as required under this subsection, the proposal of the owner shall be considered to have been accepted without modification. Any notice rejecting a pro-

posal by the owner shall clearly state the reason for rejecting the proposal.

(e) MODIFICATIONS TO OWNER'S PROPOSAL.—The Secretary may propose modifications to an owner's proposal submitted pursuant to section 152(c) only to the extent necessary to make the proposal comply with the requirements under this subtitle for acceptance by the Secretary.

(f) LIMITATION ON SECRETARY'S AUTHORITY TO REJECT OR MODIFY.—The Secretary may not reject or propose modifications to a proposal submitted pursuant to section 152(c) because an enforcement action is pending against the owner. Notwithstanding any other provision of this subtitle, in such event, the Secretary shall, subject only to the availability of budget authority, extend the applicable expiring contract for the period until the enforcement action is concluded.

SEC. 154. LIMITATION ON NEW CONTRACTS.

(a) IN GENERAL.—The Secretary may refuse to enter into a new contract with the owner of a qualified project if the Secretary determines that the owner of the project submitting the proposal has committed—

(1) violations of laws, regulations, regulatory agreements, or other agreements for which the Secretary may impose suspension, debarment, civil

money penalties, and such other major forms of enforcement action available to the Secretary under law; or

(2) other substantial and repeated violations of laws, regulations, regulatory agreements or other agreements that have not been cured within a reasonable period of time after notice was provided to the owner.

(b) REGULATIONS.—Not later than 45 days after the date of enactment of this Act, the Secretary shall publish for comment proposed regulations identifying the violations that, under subsection (a), prohibit the Secretary from entering into a new contract.

SEC. 155. REQUIRED TERMS OF NEW CONTRACTS.

(a) IN GENERAL.—The Secretary may accept the proposal of an owner (made under section 152(c) or negotiations pursuant to such a proposal), and may propose modifications to such a proposal and make an offer to enter into a new contract for qualified housing, only if the agreement provides for a new contract for the qualified housing that complies with the following requirements:

(1) RENEWAL FOR REMAINING USEFUL LIFE OF PROPERTY.—A new contract shall contain binding commitments necessary to ensure that—

(A) the contract shall be renewed as provided in paragraph (5) upon expiration for the entire remaining useful life of the qualified project subject to the contract, subject only to the availability of budget authority, the provisions of this subtitle, and the provisions of the contract or law regarding termination of the contract for cause; and

(B) renewal of the contract under paragraph (5) shall not alter or affect the terms of the contract.

(2) PROJECT-BASED ASSISTANCE.—A new contract shall provide that the Secretary shall provide project-based assistance under this subtitle for dwelling units in the qualified project subject to the contract based upon maximum monthly rents (including utilities and all maintenance and management charges) that the owner may receive for the dwelling units.

(3) LOW-INCOME OCCUPANCY.—A new contract shall provide that, during the term of the contract, the owner shall make available for occupancy only by families that (at the time of their initial occupancy) are low-income families or very low-income families (as the contract shall provide) the number of dwelling

units in the qualified project subject to the contract for which assistance is provided under the expiring contract.

(4) MAINTENANCE OF HOUSING.—The new contract shall require the owner of the qualified project to maintain the housing in compliance with housing quality standards established by the Secretary for housing assisted under section 8 of the United States Housing Act of 1937.

(5) CONTRACT TERM.—A new contract shall have a term of 60 months and shall be renewable for additional 60-month terms without limitation.

(6) SECTION 8 REQUIREMENTS.—A new contract shall provide that the qualified project subject to the contract shall be subject to the requirements applicable to housing assisted under section 8(i) of the United States Housing Act of 1937.

(7) CAPITAL NEEDS.—A new contract shall contain such terms as the Secretary and the owner agree to regarding conducting rehabilitation and replacement activities for the project and may provide amounts to the owner for meeting immediate rehabilitation and replacement needs of the qualified project if the Secretary determines that providing such amounts would be more cost effective to the Secretary

than financing such activities through increased project debt.

(8) MAXIMUM MONTHLY RENTS.—A new contract shall provide that the maximum monthly rents for the project under the contract shall be the amount determined under section 156 upon entering into the contract, and shall be adjusted annually as provided under such section, except that—

(A) the maximum monthly rents shall be redetermined in the manner provided under sections 153(b) and 156 upon each renewal of the contract; and

(B) the owner of the project may, at any time, submit a written request to the Secretary for a redetermination of the maximum monthly rents for the project using the procedure under section 156(b) and, after such request, the rents shall be determined using such method for the remainder of the term of the contract.

(9) CONSIDERATION OF TENANT CONCERNS.—A new contract shall provide that the owner of the qualified housing shall—

(A) establish and, in good faith, carry out a procedure, acceptable to the tenants (including any resident council) of the project, for tenants

to submit to the owner comments, questions, and requests regarding any issues concerning the project (including the condition, management, and ownership of the project); and

(B) make a good faith effort to respond to such comments, questions, and requests within a reasonable period of time.

(b) PROPERTY INSPECTIONS AND MANAGEMENT REVIEWS REQUIRED BY SECRETARY.—The Secretary shall conduct an inspection of the physical condition of each qualified project for which a new contract is entered into under this subtitle and shall conduct a review of the management of each such qualified project, not less than once every 3 years. The Secretary may conduct such an inspection or review more often, as the Secretary considers appropriate, taking into consideration requests and comments from tenants of the qualified project (including any resident council) and from representatives of the unit of general local government for the jurisdiction in which the project is located.

SEC. 156. MAXIMUM MONTHLY RENT UNDER NEW CONTRACTS.

(a) STATUS QUO RENT DETERMINATION.—

(1) PROCEDURE.—If the maximum monthly rents under a new contract for a qualified project are

to be established under this subsection, the rents shall be established at the amount equal to the maximum monthly rents under the expiring contract existing at the time 24 months before the date of the expiration of the contract (or an amount mutually agreed to by the Secretary and the owner that is less than such amount).

(2) RENT ADJUSTMENTS.—Annual increases in the maximum monthly rents for any qualified project for which the rents under a new contract are to be determined under this subsection shall be based on the application of the annual adjustment factor, pursuant to section 8(d)(3) of the United States Housing Act of 1937.

(3) SERVICE COORDINATORS.—Notwithstanding paragraph (1), the maximum monthly rents established (and adjusted) under this subsection for a qualified project shall be increased to the extent necessary to provide for the total costs of a service coordinator under section 161 for the project.

(b) BUDGET-BASED RENT DETERMINATION.—

(1) PROCEDURE.—If the maximum monthly rents under a new contract for a qualified project are to be established under this subsection, the rents shall be established at such a level or levels that would pro-

vide income sufficient to support the following actual and projected costs of operating the project:

(A) DEBT SERVICE.—The debt service on any federally-insured or assisted loans for the qualified project or any other loans for the project approved by the Secretary at the time the loans were entered into or subsequently, except that the Secretary may provide that such debt service shall not include—

(i) any debt service attributable to any equity loan insured under section 241(f) of the National Housing Act or any similar loan made for the purposes of liquidating the equity of the owner in the qualified project; and

(ii) if the Secretary requires refinancing of debt under section 159 and the owner does not refinance as provided in such section, any debt service relating to such debt in excess of the amount that the Secretary determines is appropriate under prevailing market conditions at the time such refinancing was required to occur.

(B) OPERATING EXPENSES.—Operating expenses for the qualified project, including costs of

measures to reduce or control crime, and the total costs of a service coordinator under section 161 for the project.

(C) RESERVES.—Adequate reserves for the qualified project, as determined pursuant to a comprehensive needs assessment for the project prepared and approved in accordance with title IV of the Housing and Community Development Act of 1992 or in such other manner as the Secretary may require.

(D) ALLOWANCE FOR LOSSES.—An allowance for potential operating losses of the qualified project caused by vacancies and failure to collect rents, which shall be an amount equal to 5 percent of any rental income from the project (including any amounts paid in rent for utilities).

(E) DISTRIBUTION TO OWNER.—An allowance for a distribution to the owner of the qualified project, which shall be an amount per dwelling unit in the project per year that is determined by the Secretary taking into consideration the size, location, and amount of rents of the project. The allowance shall be adjusted upon any renewal of the new contract, in the manner

determined by the Secretary, to provide for inflation.

(F) TENANT ORGANIZATION.—An amount for technical assistance to the resident council (if any) of the qualified project or for technical assistance in organizing or operating a resident council, which shall be an amount equal to $20 per dwelling unit in the project per year. The Secretary shall provide that such amounts shall not be made available to the owner but shall be accessible only by resident councils or by tenants for establishment or operation of resident councils.

(G) ALLOWANCE FOR UNIQUE COSTS.—An allowance for unique costs specific to and characteristic of qualified housing or other housing for low-income families receiving project-based assistance from the Secretary, in the amount agreed to by the Secretary and the owner.

(H) ALLOWANCE FOR HIGH-RENT AREAS.—If the Secretary determines that the prevailing rents in the market area in which a qualified project is located exceed the fair market rentals for dwelling units of the applicable sizes and

types of dwelling units in the market area in which the qualified housing is located—

(i) an allowance may be provided (at the discretion of the Secretary) in an amount necessary to provide maximum monthly rents under this subsection in an amount equal to the prevailing market rents in the area; and

(ii) an allowance in the amount referred to in clause (i) shall be provided if the Secretary determines that there is a lack of sufficient housing in the market area in which the project is located that is affordable to low-income families.

(2) RENT ADJUSTMENTS.—

(A) IN GENERAL.—Annual increases in the maximum monthly rents for any qualified project for which the rents under a new contract are to be determined under this subsection shall be based on the application of the operating cost adjustment factor, pursuant to section 8(d)(3) of the United States Housing Act of 1937.

(B) EXCESSIVE ADJUSTMENTS.—The Secretary may require the owner of a qualified project for which a new contract has been pro-

vided to submit a proposal in the manner provided under paragraph (3) for redetermination of maximum monthly rents for the project if—

(i) not less than 2 rent adjustments have been made pursuant to subparagraph (A) for the project;

(ii) an intervening redetermination of maximum monthly rents for the project pursuant to paragraph (1) has not occurred; and

(iii) the Secretary determines that the rents resulting from the rent adjustments are materially in excess of the rents necessary to support the costs for the project described in paragraph (1).

If pursuant to such a redetermination the Secretary determines that the rents for the project are greater than the amount described in clause (iii), the Secretary may reduce the maximum monthly rents for the project to the amount described in clause (iii), effective on the first day of the month following written notification by the Secretary to the owner of such new rents.

(3) TIMING.—If the Secretary requests an owner of a qualified project or a project for which a new

contract is to be provided to submit a proposal for maximum monthly rents based on costs described in paragraph (1) and the owner fails to submit such a proposal during the 90-day period beginning upon receipt of such request, the Secretary may establish the maximum monthly rents for the project based on such information as is available to the Secretary from the owner's most recent audited financial statements, without the agreement of the owner.

(4) ADDITIONAL INFORMATION FROM OWNER.—The owner of a qualified project (including a project for which a new contract has been provided) may, at any time, submit to the Secretary information regarding prevailing rent levels for comparable dwelling units in the market area in which the project is located and the Secretary shall consider such information in making any determinations or agreements under this subsection regarding the project.

SEC. 157. ACTIONS IN CASES OF FAILURE TO ENTER INTO NEW CONTRACT.

(a) NOTICE.—If—

(1) the owner of a qualified project indicates, in the notice required under section 152(b), an intention not to enter into a new contract,

(2) the Secretary and the owner fail to agree to enter into a new contract after a reasonable period of negotiation, or

(3) the Secretary refuses to enter into a new contract with the owner pursuant to section 154,

the Secretary shall provide notice containing the information under subsection (b) to the owner, the chief executive officer of the State or unit of general local government for the jurisdiction within which the project is located, any mortgagee of the project, the tenants of the project (including any resident council for the project), and such other individuals or entities as the Secretary considers appropriate.

(b) CONTENTS OF NOTICE.—Notice under subsection (a) shall identify the qualified project, state the intention of the Secretary to enter into a new contract for the project with an owner of the project acceptable to the Secretary, state that the Secretary may take either of the actions authorized under subsection (c) with respect to the project, and propose maximum monthly rents for the project subject to the requirements of sections 153(b) and 156.

(c) ATTEMPTED SALE OF PROJECT.—After providing notice under subsection (b) for a qualified project—

(1) the Secretary shall negotiate with the owner and other interested parties to develop a plan for sale

of the project in a timely manner to a new owner who agrees to enter into a new contract with the Secretary and who may be a nonprofit or for-profit entity, a State or local governmental entity, a tenant (or group of tenants) or a resident council; a new contract under this paragraph may be provided pursuant to the loan management program under section 8(q)(2) of the United States Housing Act of 1937 or a contract through a public housing agency for project-based assistance under section 8(i) of such Act; and

(2) notwithstanding paragraph (1), the Secretary may acquire the qualified project by condemnation, under judicial process, pursuant to the first section of the Act of August 1, 1888 (Chapter 728, 25 Stat. 357; 40 U.S.C. 257).

(d) FAILURE TO SELL PROJECT.—

(1) TRANSFER OF PROJECT-BASED ASSISTANCE TO OTHER HOUSING.—If, after providing notice under subsection (b) for a qualified project and making reasonable efforts under subsection (c)(1) the Secretary fails to enter into a new contract for the project (and determines that action under subsection (c)(2) is not appropriate), the Secretary shall, subject only to the availability of budget authority and the absence of qualified requests for such assistance, provide project-

based rental assistance for at least the same number of dwelling units in housing located within the same market area as the qualified project as were assisted under the expiring contract for the project. Tenants of the qualified project shall be offered initial occupancy in dwelling units assisted pursuant to this paragraph.

(2) CONSULTATION.—In providing project-based assistance under this subsection, the Secretary shall consult with nonprofit and for-profit entities, State and local governmental entities, and tenants and any resident council of the project, regarding acquisition and operation of housing to be assisted under this subsection.

(e) TECHNICAL ASSISTANCE.—Using a portion of any amounts in an account for residual receipts established for a qualified project and any amounts made available for new contracts under this subtitle, the Secretary shall (subject to the availability of such amounts) provide for technical assistance for tenants of the project (including any resident councils), nonprofit organizations, nonprofit developers of affordable housing, and State and local governmental agencies to the extent necessary to—

(1) develop the capacity and ability of such entities to carry out activities pursuant to subsections (c)(1) and (d); and

(2) assist such entities in preparing submissions, proposals, and such other documents and entering into contracts, agreements, and other arrangements involved in such activities.

(f) ASSISTANCE FOR PROJECT TENANTS.—

(1) RIGHT TO RECEIVE ASSISTANCE.—If, in the notice required by section 152(b), the owner indicates a preference not to enter into a new contract or the Secretary fails to enter into a new contract for the project, the Secretary shall provide assistance under paragraphs (2) and (3), subject only to the availability of budget authority, for each family who on the date of the expiration of the expiring contract resides in a dwelling unit in the project that is assisted under the expiring contract.

(2) TYPE OF ASSISTANCE.—Assistance required under this paragraph shall be provided, as determined by the Secretary, in one of the following forms:

(A) TENANT-BASED ASSISTANCE.—Assistance may be provided as tenant-based rental assistance under the provisions of section 8(b) of the United States Housing Act of 1937, as in ef-

fect on June 1, 1994, except that in providing such assistance the Secretary may increase the maximum monthly rental amount to the extent necessary to permit families remain in the dwelling unit they occupy in the qualified project or to obtain a comparable dwelling unit in the same market area.

(B) OCCUPANCY IN A UNIT RECEIVING PROJECT-BASED ASSISTANCE.—The family may be offered occupancy of an available dwelling unit that is assisted under a contract pursuant to subsection (c)(1) or (d).

(3) RELOCATION ASSISTANCE.—Assistance required under this section is assistance to the tenant of a qualified project in the amount of the total cost of relocating to a unit assisted under paragraph (2).

SEC. 158. CONTRACT EXTENSION.

Subject to the availability of budget authority, the Secretary may extend any expiring contract in force on the date of enactment of this Act, under identical terms and conditions, for not more than 24 months if the Secretary determines that such extension is necessary to protect tenants of the qualified project subject to the contract or the General Insurance Fund established under section 519 of the National Housing Act, except that—

(1) the authority under this section may be exercised only once for any contract or qualified project; and

(2) such authority may not be exercised for a qualified project for which the owner has provided timely notification under section 152(b) indicating an intention not to enter into a new contract for the project, unless the owner expressly agrees to the extension or the Secretary is taking action pursuant to section 152(e)(5) or 153(f).

SEC. 159. FINANCING AND RESTRUCTURING UNDERLYING DEBT AND TREATMENT OF RESIDUAL RECEIPTS.

(a) IN GENERAL.—Before entering into a new contract with a present or future owner of a qualified project, the Secretary shall encourage and, subject to the exceptions in subsection (d), may require—

(1) the restructuring of debt if the costs to the Federal Government of such restructuring are less than the costs incurred by the Federal Government under a contract for assistance under section 8 of the United States Housing Act of 1937 at the project's current debt level; and

(2) the refinancing of all debt that is financed at a rate 250 basis points in excess of prevailing market rates for debt with a similar maturity.

Any project refinancing or debt restructuring shall be accompanied by a corresponding reduction in the maximum monthly rents for the project.

(b) FHA-INSURED PROJECTS.—Subject to the exceptions set forth in subsection (d), the Secretary shall require an owner of a project subject to a mortgage insured by the Secretary which is to be assisted under a new contract to certify that any debt that meets the conditions of paragraph (1) or (2) of subsection (a) will be restructured or refinanced, as applicable.

(c) STATE-FINANCED PROJECTS.—The Secretary shall establish procedures to inform State agencies that insure or finance mortgages of the provisions of this subtitle, and shall encourage such agencies to refinance or otherwise restructure debt which meets the conditions of paragraph (1) or (2) of subsection (a).

(d) EXCEPTIONS.—The Secretary shall not require the refinancing or debt restructuring of any project, if—

(1) the project was financed through obligations issued by a State or local housing agency or the Government National Mortgage Association and such refinancing or debt restructuring is inconsistent with ap-

plicable law or agreements governing such financing; and

(2) in the Secretary's determination, the refinancing will not result in significant savings to the Department of Housing and Urban Development or to the mortgagor.

(e) DISCRETIONARY ASSISTANCE.—To facilitate renewal consistent with this section and section 156(b), the Secretary may, from amounts appropriated under this subtitle—

(1) pay the owner's nonmortgageable transaction costs;

(2) provide the State insuring agency or the mortgagee with an equitable share of the savings recaptured from the refinancing;

(3) apply a share of the savings recaptured from the refinancing to the project's reserves or capital expenses;

(4) bifurcate the note to leave a first note serviceable within rents reflective of the local market; and

(5) assist in financing a project's rehabilitation needs through the provision of up-front grants from—

(A) residual receipts distributed to the Secretary;

(B) the budget authority provided for increases in new contracts to pay for rehabilitation, if the Secretary determines that the provision of such grants in addition to rental assistance under section 8 of the United States Housing Act of 1937 would be cost-effective; and

(C) savings resulting from refinancing or otherwise restructuring the debt.

(f) RESIDUAL RECEIPTS.—

(1) IN GENERAL.—Residual receipts distributed to the Secretary shall be retained by the Secretary for use under this subtitle.

(2) EXPEDITED ACQUISITION.—The Secretary may expedite the acquisition of residual receipts by entering into agreements with owners of housing covered by an expiring contract to provide such owner with a share of the receipts, not to exceed 15 percent, only if the share will be applied to the project or to its reserves.

SEC. 160. RETENTION OF PROGRAM SAVINGS BY SECRETARY.

Any savings achieved through implementation of the provisions of this Act, except for such savings made available to State or local housing agencies pursuant to section 159, shall be retained by the Secretary to increase affordable

housing opportunities, in such manner as may be determined by statute, or as may be determined by the Secretary.

SEC. 161. SUPPORTIVE SERVICES.

(a) PROVISION OF SERVICE COORDINATOR.—Each owner of qualified project or a project for which a new contract has been provided shall provide, to the extent amounts are available pursuant to subsection (b) or another provision of this subtitle, that the project is served (on a full- or part-time basis in a manner approved by the Secretary) by a service coordinator under section 671 of the Housing and Community Development Act of 1992. The preceding sentence shall apply only after the expiration of the 270-day period beginning on the date of the enactment of this Act.

(b) PAYMENT OF COSTS.—Notwithstanding any other provision of law, the salary and other costs associated with employing a service coordinator shall be considered an eligible project expense for a qualified project which may be fully funded under the expiring contract, as provided by the Secretary.

SEC. 162. DELEGATION OF AUTHORITY.

The Secretary may delegate the authority of the Secretary under this subtitle, as the Secretary considers appropriate, to officials of States and units of general local gov-

ernment, who may also act as contract administrators under applicable law.

SEC. 163. DEFINITIONS.

For purposes of this subtitle—

(1) the term ''expiring contract'' means any contract for assistance under section 8 of the United States Housing Act of 1937 pursuant to the authority referred to in paragraph (4)(A) of this subsection;

(2) the term ''fair market rental'' means the fair market rental established pursuant to the authority under—

(A) section 8(c)(1) of the United States Housing Act of 1937, as such section existed before the date of the enactment of this Act; or

(B) section 8(e) of the United States Housing Act of 1937, as in effect after the date of the enactment of this Act;

(3) the terms ''low-income family'' and ''very low-income family'' have the meanings given the terms in section 3 of the United States Housing Act of 1937;

(4) the term ''maximum monthly rents'' means, with respect to a new contract for a qualified project, the maximum monthly rent that the owner is entitled

to receive for dwelling units in the project assisted under the new contract;

(5) the term ''new contract'' means—

(A) a contract pursuant to this subtitle to provide project-based assistance for a qualified project; and

(B) a contract pursuant to the provisions of subsection (d) or (f)(2)(B) of section 157 or section 153(b)(3);

(6) the term ''owner'' includes the current or subsequent owner or owners of a qualified project;

(7) the terms ''qualified project'' and ''project'' mean a multifamily housing project that—

(A) was constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as such section existed before November 30, 1983; and

(B) is assisted under an expiring contract;

(8) the term ''resident council'' means any democratically operated organization of tenants of a qualified project; and

(9) the term ''Secretary'' means the Secretary of Housing and Urban Development.

SEC. 164. REGULATIONS.

The Secretary shall issue any final regulations necessary to carry out this subtitle, which shall take effect not later than 6 months after the date of the enactment of this Act. The regulations shall be issued 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)(B), and (d)(3) of such section).

SEC. 165. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle for which amounts are not provided under section 5(c) of the United States Housing Act of 1937.

Subtitle E—Homeownership Programs

SEC. 171. HOPE HOMEOWNERSHIP PROGRAMS.

(a) AUTHORIZATION OF APPROPRIATIONS AND TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—Section 402 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12870) is amended by striking subsections (a) and (b) and inserting the following new subsection:

"(a) HOMEOWNERSHIP PROGRAMS.—There are authorized to be appropriated for grants under this title $100,000,000 for fiscal year 1995 and $100,000,000 for fis-

cal year 1996, which shall be available for activities authorized under subtitles B and C. Any amounts appropriated pursuant to this subsection shall remain available until expended.''.

(b) HOPE II MATCHING REQUIREMENTS.—Section 423(c)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12873(c)) is amended by striking ''33 percent'' and inserting ''25 percent''.

(c) ELIGIBILITY UNDER HOPE III OF HOMES ON LEASED LAND OWNED BY COMMUNITY LAND TRUSTS.—Section 446(4) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12896(4)) is amended—

(1) by inserting ''(A)'' before ''owned''; and

(2) by inserting before the period at the end the following: '', or (B) located on leased land owned by a community land trust (as such term is defined in section 233 of the HOME Investment Partnerships Act)''.

SEC. 172. NATIONAL HOMEOWNERSHIP FUND.

Subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note) is amended to read as follows:

"Subtitle A—National Homeownership Fund

"SEC. 301. SHORT TITLE.

''This subtitle may be cited as the 'National Homeownership Fund Act'.

"SEC. 302. AUTHORITY.

''The Secretary of Housing and Urban Development may make grants under this subtitle to States (including State housing finance agencies), local housing finance agencies, and nonprofit housing intermediaries to provide assistance, in accordance with the provisions of this subtitle, for the acquisition of principal residences for first-time homebuyers (including homebuyers buying shares in limited equity cooperatives).

"SEC. 303. ELIGIBLE ASSISTANCE.

''A grantee may use amounts received under this subtitle only to provide assistance to first-time homebuyers in the following manners:

''(1) DOWNPAYMENT ASSISTANCE.—Assistance payments to provide amounts for the downpayment (including closing costs and other costs payable at the time of closing) on a mortgage for the homebuyer.

''(2) SECOND MORTGAGE ASSISTANCE.—Assistance payments to provide loans that have such terms

for payment of interest and principal as may be determined by the grantee.

"(3) CAPITALIZATION OF REVOLVING LOAN FUNDS.—To establish revolving loan funds (or to make grants to public organizations or agencies to establish such funds) to provide homeownership assistance to eligible first-time homebuyers in accordance with the provisions of this subtitle. Any grantee under this subtitle (and any subgrantee of such a grantee) shall provide an equal amount of local investment for such revolving loan fund and any proceeds or repayments from loans made under this paragraph shall be returned to the revolving loan fund established under this paragraph to be used for purposes related to this section.

"(4) INTEREST RATE BUYDOWNS.—Assistance payments so that the rate of interest payable on a mortgage by the homebuyer does not exceed 6 percent.

"SEC. 304. ELIGIBILITY REQUIREMENTS.

"(a) HOMEBUYER.—Assistance may be provided only to homebuyers meeting the following requirements:

"(1) FIRST-TIME HOMEBUYER.—The homebuyer is an individual who—

"(A)(i) (and whose spouse) has had no ownership in a principal residence during the 3-year

period ending on the date of purchase of the property with respect to which assistance payments are made under this subtitle;

"(ii) is a displaced homemaker who, except for owning a home with his or her spouse or residing in a home owned by the spouse, meets the requirements of clause (i); or

"(iii) is a single parent who, except for owning a home with his or her spouse or residing in a home owned by the spouse while married, meets the requirements of clause (i); and

"(B) meets the requirements of subparagraph (A)(i), (ii), or (iii), except for owning, as a principal residence, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

"(2) MAXIMUM INCOME OF HOMEBUYER.—The aggregate annual income of the homebuyer and the members of the family of the homebuyer residing with the homebuyer, for the 12-month period preceding the date of the application of the homebuyer for assistance under this subtitle, does not exceed 115 percent of the median income for a family of 4 persons (adjusted by family size) in the applicable metropolitan

statistical area (or such other area that the Secretary determines for areas outside of metropolitan statistical areas). The Secretary shall provide for certification of such income for purposes of initial eligibility for assistance payments under this subtitle.

"(b) MORTGAGE.—Assistance may be provided only for mortgages meeting the following requirements:

"(1) PRINCIPAL RESIDENCE.—The property subject to the mortgage is a single-family residence or unit in a cooperative (including any manufactured home park owned by residents or owned by nonprofit organizations for future ownership by residents) or condominium, or a single family residence located on leased land owned by a community land trust, and is the principal residence of the homebuyer.

"(2) MAXIMUM MORTGAGE AMOUNT.—The principal obligation of the first mortgage and any second mortgage assistance provided under this subtitle does not exceed the principal amount that could be insured under section 203(b) of the National Housing Act with respect to a property having the same number of dwelling units.

"(c) MINIMUM DOWNPAYMENT.—For first-time homebuyers to receive downpayment assistance under section 303(a)(1), the homebuyer shall have paid not less than 1

percent of the cost of acquisition of the property (excluding any mortgage insurance premiums paid at the time the mortgage is insured), as such cost is estimated by the Secretary.

"SEC. 305. COUNSELING REQUIREMENTS.

"Each grantee under this subtitle shall ensure that each homebuyer receiving assistance under this subtitle from the grantee (or any subgrantee of such grantee) shall be provided prepurchase and postpurchase homeownership counseling from individuals certified by the Secretary under section 106(e) of the Housing and Urban Development Act of 1968.

"SEC. 306. ALLOCATION OF GRANT AMOUNTS.

"(a) IN GENERAL.—The Secretary may make a grant under this subtitle only to a State (including a State housing finance agency), local housing finance agency, or nonprofit housing intermediary that submits to the Secretary an application under this section that is approved by the Secretary. Applications shall be made in such form and in accordance with such procedures as the Secretary shall establish.

"(b) MINIMUM REQUIREMENTS.—An application under this section shall contain a plan that describes how the applicant will achieve the objectives of this subtitle. The application shall include—

"(1) a description of the geographic area, including the revitalization area included, to be covered by the program to provide assistance under this subtitle;

"(2) the characteristics of the households to be served by the program;

"(3) a description and evidence of the commitment of other public and private resources to be made available in the revitalization area and other areas in which homebuyers receive assistance under this subtitle;

"(4) a description of any secondary market and private mortgage insurance involvement and commitment in connection with assistance under this subtitle;

"(5) a description of how prepurchase and postpurchase counseling will be provided to homebuyers assisted under this subtitle;

"(6) a description of any restrictions on resale and profits;

"(7) a description of existing affordable housing programs and resources available to undertake rehabilitation of properties when needed;

"(8) a description of the process for award and disbursement of assistance to homebuyers; and

"(9) a description of the history of the applicant in undertaking similar projects.

"(c) SELECTION.—The Secretary shall allocate amounts available in any fiscal year for assistance under this subtitle to States (including State housing finance agencies), local housing finance agencies, or nonprofit housing intermediaries for homebuyers through a national competition in accordance with criteria established by the Secretary. The criteria shall include the extent to which the applicant has experience in providing homeownership opportunities for low- and moderate-income households.

"(d) TARGETING FOR REVITALIZATION AREAS.—Each grantee under this subtitle shall use not more than 50 percent of any amounts received under this subtitle for assistance under section 303(a) for homebuyers purchasing residences in revitalization areas using mortgages insured under section 203(b) of the National Housing Act.

"SEC. 307. REPORT.

"Not later than 18 months after the date of the issuance of final regulations pursuant to section 310, the Secretary shall submit to the Congress a report stating the amount of loans made in revitalization areas and in other areas, the amount of loans insured under the National Housing Act made in connection with assistance under this section and the amount of privately insured loans made in

connection with such assistance, and an analysis of the effectiveness of such assistance in assisting first-time homebuyers.

"SEC. 308. DEFINITIONS.

"For purposes of this subtitle:

"(1) ASSISTANCE.—The term 'assistance' means—

"(A) any downpayment assistance provided under section 303(1);

"(B) any second mortgage loan provided under section 303(2);

"(C) any loan provided from a revolving fund established under section 303(3); and

"(D) any payment for buydown of an interest rate provided under section 303(4).

"(2) COMMUNITY LAND TRUST.—The term 'community land trust' has the meaning given the term in section 233 of the Cranston-Gonzalez National Affordable Housing Act.

"(3) DISPLACED HOMEMAKER.—The term 'displaced homemaker' means an individual who—

"(A) is an adult;

"(B) has not worked full-time, full-year in the labor force for a number of years, but has

during such years, worked primarily without remuneration to care for the home and family; and

"(C) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"(4) REVITALIZATION AREA.—The term 'revitalization area' means—

"(A) an empowerment zone or enterprise community approved under Subchapter U of Chapter 1 of the Internal Revenue Code of 1986, or an equivalent State-approved enterprise zone; and

"(B) a neighborhood that, in the determination of the Secretary, is targeted by a unit of general local government for revitalization using coordinated affordable housing programs and enhanced supportive services.

"(5) NONPROFIT HOUSING INTERMEDIARY.—The term 'nonprofit housing intermediary' means a nonprofit organization that the Secretary determines has among its principal purposes activities described in clauses (1) and (2) of section 802(a) of the Housing and Community Development Act of 1974.

"(6) SINGLE PARENT.—The term 'single parent' means an individual who—

"(A) is unmarried or legally separated from a spouse; and

"(B)(i) has 1 or more minor children for whom the individual has custody or joint custody; or

"(ii) is pregnant.

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

"(8) 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.

"(9) STATE HOUSING FINANCE AGENCY.—The term 'State housing finance agency' has the meaning given the term in section 802(b) of the Housing and Community Development Act of 1974.

"(10) LOCAL HOUSING FINANCE AGENCY.—The term 'local housing finance agency' means a housing finance agency of any city, county, town, township, parish, village, or other general purpose subdivision of a State, or of any combination of such political subdivisions recognized by the Secretary, or any other

agency or instrumentality of such an entity that carries out activities described in section 303.

"SEC. 309. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated for assistance under this subtitle $115,000,000 for fiscal year 1995 and $215,000,000 for fiscal year 1996. Any amount appropriated under this section shall remain available until expended.

"SEC. 310. REGULATIONS.

''Not later than 10 days after the date of the enactment of the Housing and Community Development Act of 1994, the Secretary shall issue an interim rule to implement this subtitle. The Secretary shall issue final regulations necessary to implement this subtitle not later than 90 days after issuance of such interim rule.''.

SEC. 173. SECTION 235 MORTGAGE REFINANCING.

Section 235(r) of the National Housing Act (12 U.S.C. 1715z(r)) is amended—

(1) in paragraph (2)(C), by inserting after ''refinanced'' the following: '', plus the costs incurred in connection with the refinancing as described in paragraph (4)(B) to the extent that the amount for those costs is not otherwise included in the interest rate as permitted by subparagraph (E) or paid by the Secretary as authorized by paragraph (4)(B)'';

(2) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by inserting after ''otherwise)'' the following: ''and the mortgagee (with respect to the amount described in subparagraph (A))''; and

(B) in subparagraph (A), by inserting after ''mortgagor'' the following: ''and the mortgagee''; and

(3) by amending paragraph (5) to read as follows:

''(5) The Secretary shall use amounts of budget authority recaptured from assistance payments contracts relating to mortgages that are being refinanced for assistance payments contracts with respect to mortgages insured under this subsection. The Secretary may also make such recaptured amounts available for incentives under paragraph (4)(A) and the costs incurred in connection with the refinancing under paragraph (4)(B). For purposes of subsection (c)(3)(A), the amount of recaptured budget authority that the Secretary commits for assistance payments contracts relating to mortgages insured under this subsection and for amounts paid under paragraph (4) shall not be construed as unused.''.

SEC. 174. HOUSING COUNSELING FOR HOMEOWNERSHIP AND RENTAL HOUSING CHOICE.

(a) EXTENSIONS OF PROGRAMS.—

(1) EMERGENCY HOMEOWNERSHIP 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, 1996''.

(2) 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)(13)) is amended by striking ''fiscal year 1994'' and inserting ''fiscal year 1996''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x) is amended—

(1) in subsection (a), by striking paragraph (3)

(2) in subsection (c)—

(A) by striking paragraph (8); and

(B) by redesignating paragraph (9) (as amended by subsection (a)) as paragraph (8);

(3) in subsection (d)—

(A) by striking paragraph (12); and

(B) by redesignating paragraph (13) (as amended by subsection (a)) as paragraph (12);

(4) in subsection (f), by striking paragraph (7); and

(5) by adding at the end the following new subsection:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $62,000,000 for fiscal year 1995 and $65,000,000 for fiscal year 1996, of which amounts $30,000,000 shall be available in each such fiscal year to carry out subsection (c). Any amounts appropriated pursuant to this subsection shall remain available until expended.''.

(c) OUTREACH.—Section 106(a) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(a)) is amended—

(1) in paragraph (1)—

(A) by striking ''The'' and inserting ''ACTIVITIES.—The'';

(B) in the matter preceding clause (i), by inserting ''or consortia of organizations'' after ''organizations'';

(C) in clause (iii), by striking ''and'' at the end;

(D) in clause (iv), by striking the period at the end and inserting a semicolon; and

(E) by inserting at the end the following new clauses:

''(v) the provision of outreach activities designed to improve the access of low- and moderate-income households to homeownership and sources of mortgage credit;

''(vi) the provision of counseling to applicants for and recipients of tenant-based assistance to enable such families to move to areas of mixed incomes; and

''(vii) counseling and advice to tenants and homeowners regarding understanding financial practices, matters, and transactions commonly engaged in by, or involving, tenants and homeowners, including activities and services provided by banks and other financial institutions, extension of credit, standard lending practices, checking accounts and check cashing, and savings accounts, which shall be made available in such manners and languages appropriate for low-income and disadvantaged families residing in the area in which the entity providing the counseling and advice is located.'';

(2) in paragraph (2)—

(A) by striking ''The'' and inserting ''ELIGIBLE HOMEOWNERS.—The''; and

(B) in the second sentence, by inserting ''or consortia of organizations'' after ''organizations''; and

(3) by inserting after paragraph (2) the following new paragraphs:

''(3) HOMEOWNERSHIP COUNSELING.—The Secretary of Housing and Urban Development may contract with national, State, or community-based entities, and consortia of such entities, and local public or private organizations (including public housing agencies), to carry out activities under paragraph (1)(v). Contractors shall be selected on a competitive basis, in accordance with selection criteria determined by the Secretary. The contractors shall carry out activities prescribed by the Secretary, including activities such as—

''(A) assisting homebuyers by working with mortgage lending entities to make mortgage credit available to low- and moderate-income homebuyers;

''(B) leveraging Federal funds with other sources of funding to support activities under its counseling program, including leveraging private, community-based resources for the purpose of assisting prospective mortgagors achieve homeownership;

''(C) conducting outreach and marketing to prospective homebuyers, particularly homebuyers in tar-

geted neighborhoods with a high proportion of low- and moderate-income and minority renter households;

"(D) coordinating a prepurchase homeownership strategy that includes linking other counseling providers and community-based organizations approved by the Secretary, assisting prospective homebuyers to repair credit, educating potential homebuyers on the requirements of homeownership, providing technical assistance, assisting in the packaging of mortgage loan applications, and matching a family's resources with appropriate government and private sector homeownership assistance programs; and

"(E) creating post-purchase counseling programs that include default- prevention counseling to assist homebuyers to retain their homes.

"(4) RENTAL COUNSELING.—The Secretary of Housing and Urban Development may contract with national, State, or community-based entities, and consortia of such entities, and local public or private organizations (including public housing agencies), to carry out activities under paragraph (1)(vi). Contractors shall be selected on a competitive basis, in accordance with selection criteria determined by the Secretary. The contractors shall carry out activities prescribed by the Secretary, including activities such as—

"(A) advising families on strategies for obtaining appropriate housing;

"(B) providing transportation assistance and other services to give families access to areas without high concentrations of persons living in poverty;

"(C) continuing advice and counseling to assist families after moving to areas without high concentrations of persons living in poverty; and

"(D) undertaking aggressive outreach to potential owners to expand the availability of housing in areas without high concentrations of persons living in poverty.

Each entity receiving assistance pursuant to this paragraph shall make counseling and assistance under this paragraph available to low-income families who are referred to the entity pursuant to section 8(s)(2) of the United States Housing Act of 1937, including counseling and assistance regarding housing opportunities in the area of jurisdiction of the public housing agency involved and assistance in obtaining new rental residences in areas within such jurisdiction not having high concentrations of persons living in poverty.".

(d) NOTIFICATION.—Section 106(c)(5)(C) of the Housing and Urban Development Act of 1968 is amended by adding at the end the following new flush sentence:

''Except as provided in clauses (i) and (ii), this subparagraph may not be construed to apply to any other loan for which the borrower is a veteran.''.

Subtitle F—Other Programs

SEC. 181. COMMUNITY PARTNERSHIPS AGAINST CRIME.

(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 1994'.

''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) substantially expand and enhance the Federal Government's commitment to eliminating crime

in and around public housing and other federally assisted low-income housing;

''(3) 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;

''(4) encourage the involvement of a broad range of community-based groups and residents of neighboring housing that is owned or assisted by the Secretary in the development and implementation of anti-crime plans;

''(5) reduce crime and disorder in and around public housing through the expansion of community-oriented policing activities and problem solving;

''(6) provide training, information services, and other technical assistance to program participants; and

''(7) establish a standardized assessment system to evaluate need among public housing agencies and to measure progress in reaching crime reduction goals.

''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. In designing the program for grants under this chapter, the Secretary shall consult with the Attorney General.''.

(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 requirements under subparagraphs (A) and (B) of paragraph (4).

"(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 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 num-

ber 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 as the Secretary determines appropriate for timely and orderly allocation and disbursement of amounts made available for grants 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 determining 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 orga-

nizations 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 and Community Development Act of 1994.

''(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 authorities and owners of federally assisted low-income housing; or

''(B) relevant differences between the problem of crime in public housing administered by such public housing agencies 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), 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 3(b) of the United States Housing Act of 1937.''.

(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 and Community Development Act of 1994''.

(f) REPORTS.—Section 5128 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11907) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(a) REPORTS BY GRANTEES.—The Secretary'';

(2) by striking ''drug-related crime in'' and inserting ''crime in and around'';

(3) by striking ''described in section 5125(a)'' and inserting ''for the grantee submitted under subsection (a) or (b) of section 5125, as applicable''; and

(4) by adding at the end the following new subsection:

''(b) REPORTS BY SECRETARY.—For each fiscal year in which the Secretary makes grants under this chapter, the Secretary shall submit a report to the Congress describing the progress achieved in crime deterrence and reduction in the public housing and federally assisted low-income housing for which such grant assistance has been provided. The report shall include any recommendations of the Secretary for changes in the program of assistance under this chapter.''.

(g) TECHNICAL ASSISTANCE AND FUNDING.—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 sections:

"SEC. 5130. TECHNICAL ASSISTANCE.

"(a) IN GENERAL.—To the extent amounts are made available under section 5131(c), the Secretary may provide training, information services, and other technical assistance to public housing agencies and other entities with respect to their participation in the program under this chapter, which shall include activities under subsection (b) of this section. Such technical assistance may be provided directly by the Secretary or indirectly pursuant to grants, contracts, or cooperative agreements.

"(b) USE.—The Secretary may use amounts available for use under this section—

"(1) to establish and operate the clearinghouse on drug abuse in public housing and the regional training program on drug abuse in public housing under sections 5143 and 5144 of this Act;

"(2) to obtain assistance in establishing and managing assessment and evaluation criteria and specifications and to obtain the opinions of experts in relevant fields; and

"(3) upon the request of a public housing agency, to assist the agency in evaluating the extent of the crime problem in any public housing administered by the agency and preparing a 5-year crime deterrence and reduction plan under section 5125(a) or an application and plan under section 5125(b)(1), which

assistance may include providing personnel and funding to identify and secure local resources to assist in deterring and reducing crime.

"(c) PRIORITY.—In selecting entities to receive technical assistance under this section, the Secretary shall give priority to public housing agencies that have submitted applications and plans under section 5125 that the Secretary has determined do not meet the requirements for approval for assistance under this chapter.

"SEC. 5131. FUNDING.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this chapter $300,000,000 for fiscal year 1995 and $325,000,000 for fiscal year 1996. Any amount appropriated under this subsection shall remain available until expended.

"(b) ALLOCATION.—Of any amounts appropriated to carry out this chapter in any fiscal year that remain after reserving amounts for use under subsection (c)—

"(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) SET-ASIDE FOR TECHNICAL ASSISTANCE.—Of any amount made available in fiscal years 1994 and 1995 to carry out this chapter, the Secretary shall use not more than $10,000,000 in each such fiscal year to provide technical assistance under section 5130.''.

(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 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 items:

''Sec. 5130. Technical Assistance.
''Sec. 5131. Funding.''.

SEC. 182. LOW-INCOME HOUSING PRESERVATION.

(a) ASSISTANCE AND INCENTIVES.—Section 234 of the Housing and Community Development Act of 1987 (12 U.S.C. 4124) is amended to read as follows:

"SEC. 234. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be appropriated for assistance and incentives authorized under this subtitle $400,000,000 for fiscal year 1995 and $450,000,000 for fiscal year 1996.

"(b) GRANTS.—Subject to approval in appropriation Acts, not more than $40,000,000 of the amounts made available under subsection (a) for fiscal year 1995, and not more than $40,000,000 of the amounts made available under subsection (a) for fiscal year 1996, shall be available for grants under section 221(d)(2).".

(b) TECHNICAL ASSISTANCE AND CAPACITY BUILDING.—The first sentence of section 257 of the Housing and Community Development Act of 1987 (12 U.S.C. 4147) is amended to read as follows: "The Secretary shall use not more than $20,000,000 of the amounts made available under section 234(a) for fiscal year 1995, and not more than $20,000,000 of the amounts made available under section 234(a) for fiscal year 1996, to carry out this subtitle.".

(c) REPEAL OF RENT LIMITATIONS.—The National Housing Act is amended—

(1) in section 221 (12 U.S.C. 1715l), by striking subsection (l).

(2) in section 236(f) (12 U.S.C. 1715z–1(f)), by striking paragraph (6).

(d) EQUITY LOANS.—Section 241(f)(2)(B)(ii) of the National Housing Act (12 U.S.C. 1715z–6(f)(2)(B)(ii)) is amended by inserting ''(excluding the amount of rehabilitation costs required by the plan of action and related charges)'' after ''loan amount''.

(e) TREATMENT AS ELIGIBLE HOUSING.—Notwithstanding section 229(1)(B) of the Housing and Community Development Act of 1987, the Northwest Towers project, located at 1170 West Erie, in Chicago, Illinois, shall be considered eligible low-income housing for purposes of title II of such Act, except that—

(1) the Secretary of Housing and Urban Development may approve a plan of action under such title for the project only if the plan of action (A) provides for transfer of the ownership of the project (i) in accordance with section 226 of such title to a resident council of the project, or (ii) in accordance with section 220 of such title to a community-based nonprofit organization approved by the residents of the project, and (B) otherwise complies with the requirements of such title; and

(2) the Secretary of Housing and Urban Development shall reduce the aggregate amount of any incentives otherwise to be provided under such title for the project by the amount of any outstanding indebtedness on the loan for the project under section 201 of the Housing and Community Development Amendments of 1978.

SEC. 183. FLEXIBLE SUBSIDY PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 201(j)(5) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(j)(5)) is amended to read as follows:

''(5) There are authorized to be appropriated for assistance under the flexible subsidy fund not to exceed $50,000,000 for fiscal year 1995 and $55,000,000 for fiscal year 1996.''.

(b) ALLOCATION.—Section 201(n)(2)(B)(ii) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(n)(2)(B)(ii)) is amended by inserting ''and federally assisted'' before ''mortgages''.

(c) USE OF SECTION 236 RENTAL ASSISTANCE FUND AMOUNTS.—Section 236(f)(3) of the National Housing Act (12 U.S.C. 1715z–1(f)(3)) is amended by striking ''September 30, 1994'' and inserting ''September 30, 1996''.

SEC. 184. YOUTHBUILD PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 402 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12870), as amended by the preceding provisions of this title, is amended by inserting after subsection (a) the following new subsection:

''(b) YOUTHBUILD PROGRAM.—There are authorized to be appropriated for activities under subtitle D $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996. Any amounts appropriated pursuant to this subsection shall remain available until expended.''.

(b) ELIGIBLE ACTIVITIES.—Section 454(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c(b)) is amended—

(1) in paragraph (2), by striking ''Acquisition'' and all that follows through ''facilities'' and inserting ''Acquisition, rehabilitation, or acquisition and rehabilitation of housing and related facilities, or construction of new housing and related facilities (including community facilities designed to serve the needs of low- and very low-income families),'';

(2) by striking paragraph (6); and

(3) by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(c) PRIORITY FOR APPLICANTS SUPPLEMENTING GRANT AMOUNTS.—Section 454(e) of the Cranston-Gon-

zalez National Affordable Housing Act (42 U.S.C. 12899c(e)) is amended to read as follows:

''(e) PRIORITY FOR APPLICANTS WHO OBTAIN PROGRAM FUNDS FROM OTHER SOURCES.—The Secretary shall give priority in the award of grants under this section to applicants to the extent that they have obtained amounts or in-kind contributions, or commitments to provide such amounts or contributions, from Federal, State, local, or private sources other than assistance under this subtitle in an amount constituting not less than 10 percent of the total budget of the applicant for the Youthbuild program, that will be used for carrying out any aspect of the Youthbuild program of the applicant.''.

(d) RESIDENTIAL RENTAL HOUSING REQUIREMENTS.—Section 455(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899d(a)) is amended—

(1) in the matter preceding paragraph (1), by inserting after ''subtitle'' the following: ''for costs such as construction, rehabilitation, and acquisition''; and

(2) in paragraph (1), by striking subparagraph (A) and inserting the following new subparagraph:

''(A) at least 80 percent of the units shall be occupied, or available for occupancy, by individuals and families with incomes that do not

exceed 50 percent of the area median income, adjusted for family size; and''.

(e) RESERVATION OF FUNDS.—Section 458(d) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899g(d)) is amended by inserting before the period at the end the following: ''and not more than 1 percent of such available amounts to implement, pursuant to subsection (a) of this section, a management information system to gather and analyze information necessary to assess the quality and effects of the program under this subtitle and to monitor Youthbuild programs funded under this subtitle''.

(f) PROGRAM NAME.—The heading for subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899 et seq.) is amended to read as follows:

''Subtitle D—Youthbuild''.

SEC. 185. DISPOSITION OF HUD-OWNED MULTIFAMILY HOUSING PROPERTIES.

Section 203(g) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(g)) is amended—

(1) in paragraph (2), by striking ''and'' at the end;

(2) in paragraph (3), by striking the period at the end and inserting ''; and'';

(3) by redesignating paragraphs (2) and (3) (as so amended) as paragraphs (3) and (4), respectively; and

(4) by inserting after paragraph (1) the following new paragraph:

''(2) upon the conclusion of the first year of such 2-year period, the Secretary shall examine the income and rent of the family and of other very low-income families who are preexisting tenants of the project and the rents charged for units in the project and for similar units in the market area in which the project is located, to determine whether upon the expiration of such 2-year period the rent charged for the unit occupied by the family and for similar units in the same market area will be significantly more than the amount charged for the unit occupied by the family during such 2-year period;''; and

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

''(5) if the Secretary determines pursuant to paragraph (2) that, upon the expiration of the 2-year period, the family will not be able to rent a unit in the project or a similar unit in the market area in

which the project is located without paying in rent significantly more than the amount charged for the unit occupied by the family during such 2-year period, the Secretary shall, to the extent budget authority is available, provide tenant-based assistance on behalf of the family under a contract under section 8 of the United States Housing Act of 1937 having a 5-year term.''.

SEC. 186. GUIDELINES FOR SCREENING, ADMISSION, AND EVICTIONS IN PUBLIC AND ASSISTED HOUSING.

Not later than December 31, 1994, the Secretary of Housing and Urban Development shall issue guidelines for owners and managers of public and assisted housing with respect to screening applicants for occupancy in such housing, admissions to such housing, and evictions of residents of such housing who are users or former users of illegal drugs or who violate lease provisions because of alcohol use. The Secretary shall issue such guidelines based on the report to the Congress issued by the Public and Assisted Housing Occupancy Task Force on April 7, 1994, pursuant to section 643(a)(7) of the Housing and Community Development Act of 1992.

SEC. 187. METROPOLITAN AREA-WIDE STRATEGY DEMONSTRATION.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (in this section referred to as the ''Secretary'') shall carry out, through consortia of units of general local government, a demonstration program to make assisted housing available in 3 metropolitan areas on a metropolitan, area-wide basis.

(b) PURPOSE.—The demonstration program under this section shall be designed to determine the most effective manner to—

(1) affirmatively further fair housing and address the problem of racial segregation in metropolitan areas;

(2) achieve the goal of overcoming spatial separation and segregation of families by race, which shall include testing the effect of filling vacancies in assisted housing by use of a consolidated waiting list;

(3) enlist cooperation of units of general local government, public housing agencies, and private owners of assisted housing in achieving such goals;

(4) make public housing facilitate social and economic mobility;

(5) eliminate housing discrimination; and

(6) accomplish related objectives determined by the Secretary.

(c) ELIGIBILITY OF CONSORTIA.—The Secretary shall select the consortia of units of general local government to participate in the demonstration program on a competitive basis and make a grant to each consortia selected. The Secretary may select only consortia that demonstrate to the Secretary, as the Secretary shall require, that a sufficient number of units of general local government, public housing agencies, and private owners of assisted housing are committed to participate in the demonstration to make the demonstration feasible, which shall include commitment to comply with alternative program requirements specified by the Secretary.

(d) DURATION.—The demonstration program shall be carried out for a period of 3 years with respect to each site selected.

(e) WAIVERS.—The Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers if the Secretary finds that the waiver or alternative requirement (1) is necessary to facilitate the demonstration program, and (2) would not be inconsistent with the overall purpose of the statute or regulation affected. In no event may the Secretary waive, or specify alternative requirements for, statutory requirements related to nondiscrimination, fair housing, labor standards, or the environment, except that the

Secretary may waive affirmative marketing requirements for participants in the demonstration program.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the costs related to regional planning, housing counseling, development of a model consolidated waiting list, and administration under the demonstration established by this section, such sums as may be necessary for each of fiscal years 1995 and 1996.

TITLE II—HOME INVESTMENT PARTNERSHIPS

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 205 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12724) is amended to read as follows:

"SEC. 205. AUTHORIZATION.

''There are authorized to be appropriated to carry out this title $1,775,000,000 for fiscal year 1995, and $2,000,000,000 for fiscal year 1996, of which—

''(1) not more than $25,000,000 for fiscal year 1995, and $25,000,000 for fiscal year 1996, shall be for community housing partnership activities authorized under section 233; and

''(2) not more than $22,000,000 for fiscal year 1995, and $22,000,000 for fiscal year 1996, shall be

for activities in support of State and local housing strategies authorized under subtitle C.''.

(b) NOTICE OF FUNDING AVAILABILITY.—For each of fiscal years 1995 and 1996, the Secretary shall cause to be published in the Federal Register notice of the availability of any amounts made available under section 205(1) of the Cranston-Gonzalez National Affordable Housing Act (as amended by subsection (a)) that are available for community housing partnership activities authorized under section 233. Each such notice shall be published not later than the expiration of the 90-day period beginning on the date that amounts are appropriated for each of such fiscal years to carry out the program under title II of the Cranston-Gonzalez National Affordable Housing Act.

SEC. 202. ELIGIBLE USES OF INVESTMENT.

Section 212(a)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)(1)) is amended by striking ''financing costs'' and inserting ''costs of financing (including credit enhancements, loan guarantees, and debt service reserves)''.

SEC. 203. QUALIFICATION AS AFFORDABLE RENTAL HOUSING.

Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)) is amended—

(1) in paragraph (1)(A), by striking ''bears rents not greater than'' and inserting ''is occupied by tenants who pay as rent'';

(2) in paragraph (3), by inserting after the period at the end of the first sentence the following new sentence: ''A tenant occupying a rental unit assisted with amounts provided under this title shall be considered to be a very low-income family until the household's income increases to more than 140 percent of the applicable income limitation under paragraph (1)(B).''; and

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

''(6) RENTAL SUBSIDIES.—Notwithstanding paragraph (1), housing shall not be considered to fail to qualify as affordable housing under this title because it includes units for which—

''(A) payments are made under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program; and

''(B) because of increases in the income of tenants of the housing, the rent paid by the tenants under the assistance program with respect to such unit exceeds 30 percent of the adjusted

income of a family whose income equals 65 percent of the median income for the area.''.

SEC. 204. REPAYMENT OF INVESTMENT.

Section 219 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12749) is amended by adding at the end the following new subsection:

''(d) REPAYMENT OF MATCHING AMOUNTS.—Amounts provided by a participating jurisdiction pursuant to section 220 for housing not assisted under this title shall be recognized for purposes of section 220(a), notwithstanding that such amounts are not repaid to the jurisdiction's HOME Investment Trust Fund, if such amounts are drawn from an affordable housing program operated by the jurisdiction, repaid to the program, and available for use only for the program or for providing housing that qualifies as affordable housing.''.

SEC. 205. MATCHING REQUIREMENTS.

Section 220 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12750) is amended—

(1) in the first sentence of subsection (a), by inserting ''the participating jurisdiction certifies'' before ''qualifies''; and

(2) in subsection (b)(1)—

(A) in subparagraph (A), by striking ''or'';

(B) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following new subparagraph:

''(C) is made with respect to housing that is substantially equivalent to housing that qualifies as affordable housing under section 215.''.

SEC. 206. SUPPORT FOR STATE AND LOCAL HOUSING STRATEGIES.

Subtitle C of title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12781 et seq.) is amended by adding at the end the following new section:

''SEC. 246. STRATEGIC PLANNING AND URBAN DESIGN.

''The Secretary may use amounts available under this subtitle to provide grants to States, units of general local government, and metropolitan, non-metropolitan, and regional planning agencies, for the following activities:

''(1) Urban design and the development of public amenities in low-income neighborhoods that serve as a catalyst for the renewal of the neighborhood.

''(2) Development and implementation of comprehensive plans that focus on local and metropolitan strategies which create sustainable community development at the neighborhood, city, and metropolitan level.

''(3) Expanding economic opportunities for low- and moderate-income families through areawide planning approaches that provide educational and employment opportunities for such persons.

''(4) Coordinated efforts that stimulate fair housing, further the deconcentration of the poor and minorities, reduce the isolation of income groups within communities, remove barriers to affordable housing development, and expand housing opportunities for low- and moderate-income families.

''(5) The conservation of important historic, visual, and cultural features.

''(6) The development and implementation of comprehensive approaches that integrate poorer, inner-city neighborhoods into the greater metropolitan region.

''(7) Any other activities the Secretary determines will further the purposes of this section.''.

SEC. 207. LABOR REQUIREMENTS.

Section 286(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12836(b)) is amended by adding at the end the following new sentence: ''Subsection (a) shall not apply in the case of housing for which a site is acquired, but which is not constructed, using funds made available under this subtitle.''.

TITLE III—SUPPORTIVE HOUSING PROGRAMS

SEC. 301. FUNDING FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND FOR PERSONS WITH DISABILITIES.

Section 601 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3802) is amended by striking subsection (a) and inserting the following new subsection:

''(a) AGGREGATE FUNDING.—There are authorized to be appropriated for the purpose of providing assistance in accordance with section 202 of the Housing Act of 1959 and section 811 of the Cranston-Gonzalez National Affordable Housing Act, $1,948,000,000 for fiscal year 1995 and $1,954,000,000 for fiscal year 1996.''.

SEC. 302. SUPPORTIVE HOUSING FOR THE ELDERLY.

(a) ELDER COTTAGE HOUSING UNITS.—Section 202(b) of the Housing Act of 1959 (12 U.S.C. 1701q(b)) is amended by inserting after the second sentence the following new sentence: ''Such assistance may also be used to finance the acquisition and installation of elder cottage housing units that are small, freestanding, barrier-free, energy efficient, removable and designed to be installed adjacent to existing 1- to 4-family dwellings and are used as sup-

portive housing for the elderly in accordance with this section.''.

(b) DEFINITION OF ''FRAIL ELDERLY''.—Section 202(k)(3) of the Housing Act of 1959 (12 U.S.C. 1701q(k)(3)) is amended by striking the first sentence and inserting the following new sentences: ''The term 'frail elderly' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.''.

(c) REPEAL OF DEMONSTRATION.—Section 806 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q note) is hereby repealed.

SEC. 303. SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES.

(a) PHA'S AS ELIGIBLE SPONSORS.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in the first sentence of subsection (f), by inserting ''and public housing agencies'' after ''private nonprofit organizations''; and

(2) in subsection (k)—

(A) in paragraph (5), by striking ''private nonprofit organization'' and inserting ''eligible sponsor''; and

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

''(10) The term 'eligible sponsor' means—

''(A) in the case of capital advances under subsection (b)(2) and project rental assistance under subsections (b)(2) and (3)—

''(i) a private nonprofit organization; and

''(ii) a public housing agency, but only in the case of a jurisdiction for which the Secretary determines that, during the 3-year period ending upon the date of the application of the agency for assistance under subsection (b)(2) or (3)—

''(I) no private nonprofit organization has submitted an application under subsection (f) for assistance for a project located in such area; and

''(II) no private nonprofit organization has had such an application approved for a project located in such area; and

''(B) in the case of tenant-based rental assistance under subsection (b)(1)—

''(i) a private nonprofit organization; and

''(ii) a public housing agency, but only to the extent that such assistance is used for providing assistance in accordance with an allocation plan for the agency under section 7(f) of the United States Housing Act of 1937.''.

(b) RENTAL ASSISTANCE FOR EXISTING BUILDINGS.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) in subsection (d)(2), by adding at the end the following new sentence: ''The Secretary may enter into contracts with private, nonprofit organizations to provide project rental assistance for supportive housing for persons with disabilities, regardless of whether the housing is developed with capital advances under this section.'';

(2) in subsection (e)(1), by inserting ''with capital advances'' after ''assisted'';

(3) by striking the first 2 sentences of subsection (e)(2) and inserting the following new sentences: ''The initial term of a contract entered into under sub-

section (d)(2) shall be 240 months for housing developed with a capital advance, and shall be not more than 60 months for housing not developed with a capital advance. The Secretary shall, to the extent approved in appropriation Acts, extend any expiring contracts for a term of not less than 60 months.'';

(4) in subsection (g)(1), by inserting ''(if applicable)'' after ''develop'';

(5) in subsections (g)(3) and (g)(5), by inserting ''design or'' before ''proposed'' each place it appears;

(6) in subsection (j), by striking paragraph (3) and inserting the following new paragraph:

''(3) SITE CONTROL.—

''(A) CAPITAL ADVANCES.—In the case of housing to be assisted with capital advances under this section, an applicant may obtain ownership or control of a suitable site different from the site specified in the initial application. If an applicant fails to obtain ownership or control of the site within 1 year after notification of an award for assistance, the assistance shall be recaptured and reallocated.

''(B) PROJECT RENTAL ASSISTANCE.—In the case of housing to be assisted only with project rental assistance, the applicant shall have

ownership or control of a suitable site at the time of application. The Secretary may approve a change in site at any time from the date the application is submitted to the expiration date of the rental assistance contract.'';

(7) in subsection (j)(4), by striking ''The'' and inserting the following: ''In the case of housing assisted with capital advances under this section, the'';

(8) in the second sentence of subsection (k)(1), by striking ''the development of'';

(9) in subsection (k)(5), by inserting before the period at the end the following: '', or that receives rental assistance under this section to operate a project for supportive housing for persons with disabilities''; and

(10) in subsection (m)(3), by striking ''(1)'' and inserting ''(2)''.

(c) AUTHORITY TO PROVIDE ASSISTANCE.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) by striking subsection (b) and inserting the following new subsection:

''(b) GENERAL AUTHORITY.—The Secretary may provide assistance to eligible sponsors to expand the supply of

supportive housing for persons with disabilities. Such assistance shall be provided as—

''(1) tenant-based rental assistance on behalf of eligible persons with disabilities, in accordance with subsection (d)(4);

''(2) capital advances in accordance with subsection (d)(1), together with contracts for project rental assistance in accordance with subsection (d)(2); or

''(3) contracts for project rental assistance in accordance with subsection (d)(2).'';

(2) in subsection (d)(1), by adding at the end the following new sentences: ''Capital advances may be used to finance the acquisition, acquisition and moderate rehabilitation, construction, reconstruction, or moderate or substantial rehabilitation of housing, including the acquisition from the Resolution Trust Corporation, to be used as supportive housing for persons with disabilities and may include real property acquisition, site improvement, conversion, demolition, relocation, and other expenses that the Secretary determines are necessary to expand the supply of supportive housing for persons with disabilities. Such assistance may also be used to finance the acquisition and installation of cottage housing units that are small, freestanding, barrier-free, energy efficient, re-

movable and designed to be installed adjacent to existing 1- to 4-family dwellings and are used as supportive housing for the persons with disabilities in accordance with this section.'';

(3) in subsections (d)(3), (e)(1), and (f), by inserting ''or (3)'' after ''subsection (b)(2)'' each place it appears; and

(4) by striking paragraph (4) of subsection (d) and inserting the following new paragraph:

''(4) TENANT-BASED RENTAL ASSISTANCE.—

''(A) ADMINISTRATION.—Tenant-based rental assistance that is provided under subsection (b)(1) shall be administered under the same rules governing rental assistance made available under section 8 of the United States Housing Act of 1937.

''(B) PUBLIC HOUSING AGENCIES.—A public housing agency may provide tenant-based rental assistance under subsection (b)(1) only if the public housing agency has submitted, and had approved, an allocation plan under section 7(f) of the United States Housing Act of 1937 and any such assistance made available to a public housing agency shall be provided by the agency in accordance with such allocation plan.

In determining the amount of assistance provided under subsection (b)(1) for a public housing agency, the Secretary shall consider the needs of the agency as described in the allocation plan.''.

(d) TECHNICAL CHANGES.—Section 811(k)(6) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking subparagraph (A) and inserting the following new subparagraph:

''(A) that has received tax-exempt status under section 501(c)(3) or (4) of the Internal Revenue Code of 1986;''.

SEC. 304. REVISED CONGREGATE SERVICES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 802(n)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(n)(1)) is amended by striking the matter preceding subparagraph (A) and inserting the following:

''(1) AUTHORIZATION AND USE.—There are authorized to be appropriated to carry out this section $25,000,000 for fiscal year 1995, and $26,000,000 for fiscal year 1996, of which not more than—''.

(b) MEAL FEES AND MATCHING AMOUNTS.—Section 802 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011) is amended—

(1) in subparagraph (A) of subsection (d)(7), by striking ''The fees for meals shall be in the following amounts:'' and all that follows through the end of the subparagraph; and

(2) in subsection (i)(1)—

(A) in subparagraph (A)(i), by striking ''50 percent'' and inserting ''25 percent'';

(B) in subparagraph (A)(ii), by striking ''40 percent'' and inserting ''65 percent''; and

(C) in subparagraph (C), by striking ''10 percent'' and inserting ''25 percent''.

(c) DEFINITION OF ''FRAIL ELDERLY''.—Section 802(k)(8) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking the first sentence and inserting the following new sentences: ''The term 'frail elderly' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.''.

SEC. 305. SUPPORTIVE HOUSING ASSISTANCE FOR ELDERLY INDEPENDENCE.

(a) SECTION 8 ASSISTANCE.—The first sentence of section 803(j) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012(j)) is amended to read as follows: ''The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8 of such Act is authorized to be increased by $25,000,000 on or after October 1, 1994, and by $25,000,000 on or after October 1, 1995.''.

(b) SUPPORTIVE SERVICES AUTHORIZATION.—The first sentence of section 803(k) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012(k)) is amended to read as follows: ''There are authorized to be appropriated for the Secretary to carry out the responsibilities for supportive services under the demonstrations under this section $7,000,000 to become available in fiscal year 1995, and $7,000,000 to become available in fiscal year 1996.''.

(c) SUPPORTIVE SERVICES CONTRIBUTIONS.—Section 803(c)(1) of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) in subparagraph (A), by striking ''40 percent'' and inserting ''65 percent''; and

(2) in subparagraph (B), by striking ''50 percent'' and inserting ''25 percent''.

(d) DEFINITION OF ''FRAIL ELDERLY''.—Section 803(g)(3) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking the first sentence and inserting the following new sentences: ''The term 'frail elderly person' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.''.

(e) AMENDMENT TO HEADING.—Section 803 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012) is amended by striking the section designation and heading and inserting the following:

''SEC. 803. SUPPORTIVE HOUSING ASSISTANCE FOR ELDERLY INDEPENDENCE.''.

SEC. 306. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 863 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12912) is amended to read as follows:

"SEC. 863. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this subtitle $212,000,000 for fiscal year 1995 and $225,000,000 for fiscal year 1996.''.

(b) TECHNICAL ASSISTANCE.—Section 854(c)(3) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12903(c)(3)) is amended—

(1) in subparagraph (A)—

(A) in clause (i), by striking ''and'' at the end;

(B) in clause (ii), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following new clause:

''(iii) nonprofit organizations that provide technical assistance on a national, regional, or State-wide basis to nonprofit organizations carrying out eligible activities under section 855 for eligible persons, to provide such technical assistance, except that not more than 2 percent of the amounts available in any fiscal year for allocation under this paragraph shall be used as provided in this clause.''; and

(2) in subparagraph (B), by striking ''this paragraph'' and inserting ''clauses (i) and (ii) of subparagraph (A)''.

(c) COOPERATION.—

(1) IN GENERAL.—Section 856(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12905(c)) is amended by striking ''The recipient'' and all that follows and inserting the following: ''The recipient shall establish and implement a process for ensuring coordination and community input in planning for and providing services assisted with amounts provided under this subtitle. The planning process shall include consultation and coordination with the agencies of the relevant State and local governments responsible for services for eligible persons in the area served by the applicant and with other public and private organizations and agencies providing services for such eligible persons (including individuals with human immunodeficiency virus disease), including community-based and AIDS service organizations, providers of social services, providers of mental health care, providers of substance abuse treatment services, nonprofit providers of housing for eligible persons, and affected communities.''.

(2) APPLICATION.—Section 854(d) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12903(d)) is amended—

(A) in paragraph (5), by striking ''and'' at the end;

(B) by redesignating paragraph (6) as paragraph (7); and

(C) by inserting after paragraph (5) the following new paragraph:

''(6) a description of the activities to be undertaken in fulfilling the requirements under section 856(c); and''.

(d) ADMINISTRATIVE EXPENSES.—Section 856(g)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12905(g)(2)) is amended—

(1) by striking ''title'' and inserting ''subtitle''; and

(2) by striking '', including the costs of staff necessary to carry out eligible activities''.

SEC. 307. SERVICE COORDINATORS.

(a) PUBLIC HOUSING.—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended in subsection (a)(1)(B)(ii)—

(1) in the 1st sentence, by striking ''Annual'' and all that follows through ''such project,'' and in-

serting ''To the extent amounts are made available pursuant to section 5(c) for carrying out this clause, the Secretary may increase the annual contributions provided under this section to any public housing agency for any project to provide''; and

(2) by striking the last 2 sentences.

(b) OTHER FEDERALLY ASSISTED MULTIFAMILY HOUSING.—Section 676(c) of the Housing and Community Development Act of 1992 (42 U.S.C. 13632(c)) is amended to read as follows:

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 1995 and 1996.''.

TITLE IV—MORTGAGE INSURANCE AND SECONDARY MORTGAGE MARKET

Subtitle A—Mortgage Insurance and Loan Guarantee Programs

SEC. 401. LIMITATION ON INSURANCE AUTHORITY.

Section 531(b) of the National Housing Act (12 U.S.C. 1735f–9(b)) is amended to read as follows:

''(b) Notwithstanding any other provision of law and subject only to the absence of qualified requests for insurance, to the authority provided in this Act, and to the limi-

tation in subsection (a), the Secretary shall enter into commitments to insure mortgages under this Act with an aggregate principal amount of $105,000,000,000 during fiscal year 1995 and $91,000,000,000 during fiscal year 1996.''.

SEC. 402. FEDERAL HOUSING ADMINISTRATION ADVISORY BOARD.

Section 202(b)(11) of the National Housing Act (12 U.S.C. 1708(b)(11)) is amended by striking ''January 1, 1995.'' and inserting ''January 1, 1997.''.

SEC. 403. MAXIMUM MORTGAGE AMOUNT CEILING FOR SINGLE FAMILY MORTGAGES.

Subparagraph (A) of the first sentence of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)(A)) is amended by striking clause (ii) and inserting the following new clause:

> *''(ii) 85 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (as adjusted annually under such section) for a residence of the applicable size;''.*

SEC. 404. MAXIMUM MORTGAGE AMOUNT FLOOR FOR SINGLE FAMILY MORTGAGE INSURANCE.

Subparagraph (A) of the first sentence of section 203(b)(2) of the National Housing Act (12 U.S.C.

1709(b)(2)(A)) is amended by striking ''the dollar amount limitation in effect under this section for the area on May 12, 1992'' and inserting the following: ''50 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (as adjusted annually under such section) for a residence of the applicable size''.

SEC. 405. ELIMINATION OF RESTRICTIONS REGARDING NEW CONSTRUCTION.

(a) IN GENERAL.—Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended, in the matter following subparagraph (B)—

(1) in the 1st undesignated paragraph, by striking ''Notwithstanding any other provision of this section,'' and all that follows through ''beginning of construction.''; and

(2) by striking the 2d undesignated paragraph (relating to mortgage insurance amounts for residences having solar energy systems).

(b) REPEAL OF AUTHORITY TO EXPEND AMOUNTS FROM INSURANCE FUND TO CORRECT SUBSTANTIAL DEFECTS.—Section 518 of the National Housing Act (12 U.S.C. 1735b) is hereby repealed.

SEC. 406. AUTHORITY TO USE AMOUNTS BORROWED FROM FAMILY MEMBERS FOR DOWNPAYMENTS.

(a) IN GENERAL.—Section 203(b)(9) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended by inserting before the period at the end the following: '': Provided further, That for purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 201), subject only to the requirements that, in any case in which the repayment of such borrowed amounts is secured by a lien against the property, such lien shall be subordinate to the mortgage and the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage''.

(b) DEFINITION OF FAMILY MEMBER.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsections:

''(e) The term 'family member' means, with respect to a mortgagor under such section, a child, parent, or grandparent of the mortgagor (or the mortgagor's spouse). In determining whether any of the relationships referred to in the preceding sentence exist, a legally adopted son or daughter of an individual (and a child who is a member of an individual's household, if placed with such individual by

an authorized placement agency for legal adoption by such individual), and a foster child of an individual, shall be treated as a child of such individual by blood.

''(f) The term 'child' means, with respect to a mortgagor under such section, a son, stepson, daughter, or stepdaughter of such mortgagor.''.

SEC. 407. INDEMNIFICATION FOR MULTIFAMILY HOUSING PROJECT MANAGERS.

Section 207(l) of the National Housing Act (12 U.S.C. 1713(l)) is amended by inserting before the period at the end the following: '': Provided further, That, for properties acquired by the Secretary under this section and for properties secured by any mortgage assigned and transferred to or held by the Secretary, the Secretary may indemnify management contractors against claims by third persons for death, bodily injury, or loss of or damage to property on such terms as the Secretary determines appropriate''.

SEC. 408. EXTENSION OF MULTIFAMILY HOUSING MORTGAGE AUCTION PROVISIONS.

The first sentence of section 221(g)(4)(C)(viii) of the National Housing Act (12 U.S.C. 1715l(g)(4)(C)(viii)) is amended by striking ''September 30, 1995'' and inserting ''December 31, 2005''.

SEC. 409. STREAMLINED REFINANCING FOR HUD-HELD MORTGAGES.

(a) IN GENERAL.—Section 223(a) of the National Housing Act (12 U.S.C. 1715n) is amended—

(1) in paragraph (7), by striking the colon preceding ''Provided further,'' and all that follows through ''and the mortgagee'';

(2) by redesignating paragraph (8) as paragraph (9);

(3) by inserting after paragraph (7) the following new paragraph:

''(8) given to refinance a mortgage held by the Secretary, upon such terms and conditions as the Secretary may prescribe, covering property on which there is located a 1- to 4-family residence, or a 1-family unit in a condominium project, which mortgage was formerly insured under this Act and subsequently assigned to the Secretary: Provided, That the mortgagor has not previously refinanced a mortgage pursuant to this paragraph: Provided further, That the mortgagor has made all payments due under the note secured by the existing mortgage and all payments due under the note for at least the previous 6 months, or the mortgagor is under a forbearance agreement and has made all payments due under the note secured by the existing mortgage for at least the pre-

vious 6 months: Provided further, That the principal amount of the refinancing mortgage may not exceed the outstanding principal balance of the existing mortgage by more than additional amounts owed by the mortgagor due to the delinquency and to the receipt of assignment assistance under section 230: Provided further, That the monthly payment due under the refinancing mortgage may not exceed the monthly payment due under the existing mortgage: Provided further, That the refinancing mortgage may have a term not more than 12 years in excess of the unexpired term of the assigned mortgage: Provided further, That the refinancing mortgage may be insured under section 203(b) or 221(d)(2) of this Act, at the option of the mortgagee, or under section 234(c) of this Act in the case of a condominium: Provided further, That a refinancing mortgage insured under section 221(d)(2) shall involve a principal obligation in an amount not to exceed 50 percent of the applicable dollar limitation for a 1- to 4-family residence under section 203(b)(2): Provided further, That the authority under this paragraph to refinance a mortgage shall terminate 30 months after the date of enactment of this Act: Provided further, That the total

number of mortgages refinanced under this paragraph may not exceed 20,000; or''; and

(4) by adding at the end the following new flush material:

''A mortgage of the character described in paragraphs (1) through (6) of this subsection shall have a maturity and a principal obligation not in excess of the maximums prescribed under the applicable section or title of this Act, except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 percent of the appraised value of the mortgage property, and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee.''.

(b) IMPLEMENTATION.—The Secretary of Housing and Urban Development may implement the authority to refinance a mortgage held by the Secretary under section 223(a)(8) of the National Housing Act, as added by the amendment made by subsection (a)(3) of this section, by notice published in the Federal Register setting forth such requirements as may be necessary.

SEC. 410. HOME EQUITY CONVERSION MORTGAGES FOR ELDERLY HOMEOWNERS.

(a) EXTENSION OF PROGRAM.—The first sentence of section 255(g) of the National Housing Act (12 U.S.C.

1715z–20(g)) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.

(b) ELIGIBLE RESIDENCES.—Section 255(d)(3) of the National Housing Act (12 U.S.C. 1715z–20(d)(3)) is amended to read as follows:

''(3) be secured by a dwelling that is designed principally for a 1- to 4-family residence in which the mortgagor occupies 1 of the units;''.

(c) EXPANSION OF PROGRAM.—The second sentence of section 255(g) of the National Housing Act (12 U.S.C. 1715z–20(g)) is amended by striking ''25,000'' and inserting ''50,000''.

(d) REPORTS.—Section 255(k) of the National Housing Act is amended by adding at the end the following new sentences: ''Each biennial report shall also include the results of a survey conducted during the period since the most recent report under this subsection to determine (A) the financial and other needs of elderly homeowners that cause such homeowners to consider obtaining home equity conversion mortgages, and (B) the extent of consumer satisfaction regarding the program under this section and counseling provided pursuant to the requirements of this section. In conducting the survey, the Secretary shall consult a representative sample of mortgagors of mortgages insured under this section and of elderly homeowners who have ex-

pressed interest in obtaining, but did not obtain, such mortgages.''.

(e) AVOIDANCE OF PREEMPTION OF STATE LAW.—Section 255(b)(3) of the National Housing Act is amended—

(1) in clause (B), by striking '', notwithstanding any State constitution, law, or regulation''; and

(2) by adding at the end the following new sentence: ''Notwithstanding any other provision of this section, the Secretary may not provide insurance for a home equity conversion mortgage in the State of Texas if under the State constitution, or a law or regulation of such State, such mortgages are prohibited or foreclosure or forced sale of the property subject to such a mortgage is prohibited.''.

SEC. 411. SINGLE FAMILY RISK-SHARING MORTGAGE INSURANCE PROGRAM.

(a) IN GENERAL.—Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

''SINGLE FAMILY RISK-SHARING WITH STATE AND LOCAL AGENCIES

''SEC. 256. (a) PURPOSES.—The purposes of the program under this section are (1) to increase the availability of single family mortgage financing in areas where there is need for mortgage insurance under this Act that cannot be met due to particularly high average median house prices

in the area, and (2) to foster arrangements with State and local agencies to share the risk of mortgage insurance.

"(b) AUTHORITY.—Notwithstanding any other provision of this Act inconsistent with this section, the Secretary may insure and make commitments to insure under this section mortgages on single family properties under risk-sharing mortgage insurance programs established with 1 or more States or agencies. Under such programs, the Secretary shall insure a portion of the mortgage, and the State or local agency shall insure the remainder or (at the discretion of the agency) a portion of the remainder and provide for private mortgage insurance companies to insure any portion of the remainder not insured by the agency. The portion of the mortgage insured under this section by the Secretary and the State or local agency, in the aggregate, may not exceed 35 percent of the outstanding principal obligation of the mortgage (and such fees, interest, and other expenses determined by the Secretary to be appropriate).

"(c) ELIGIBLE MORTGAGES.—The Secretary may insure under this section, and make commitments to insure under this section, only mortgages that—

"(1) are executed—

"(A) in connection with the acquisition of a single family property; or

"(B) for the refinancing of a mortgage that was previously insured under this section; and

"(2) involve a property located in an area—

"(A) for which the amount under clause (ii) of section 203(b)(2)(A) is less than the amount determined under clause (i) of such section for a residence of the applicable size; and

"(B) that has a State agency that—

"(i) is fully authorized under State and local laws and is adequately capitalized, in the determination of the Secretary, to carry out this section; and

"(ii)(I) carries the designation of 'top tier' or its equivalent, as evaluated by Standard and Poors or any other nationally recognized rating agency; or

"(II) receives a rating of 'A' for its general obligation bonds from a nationally recognized rating agency.

"(d) APPLICATIONS.—

"(1) APPROVAL.—The Secretary may approve an application submitted by a State or local agency to establish a risk-sharing program under this section, only if the Secretary determines that the State or local agency has demonstrated that—

"(A) it has the legal authority under State law and, where applicable, local law, to participate in the program under this section;

"(B) it has carried out, or has the potential to carry out, a financially sound, efficient, and effective mortgage insurance program; and

"(C) it has the ongoing administrative and financial capacity necessary to carry out a program under this section.

"(2) CANCELLATION OF APPROVAL.—The Secretary may cancel approval of a State or local agency under this section for a violation of requirements and procedures under the risk-sharing agreement between the State or local agency and the Secretary or for other good cause, by giving notice to the State or local agency. The cancellation shall be effective upon receipt of the notice by the agency or at a later date specified by the Secretary. A decision by the Secretary to cancel approval shall be final and conclusive and shall not be subject to judicial review.

"(e) DELEGATION OF AUTHORITY TO INSURE TO STATE AND LOCAL AGENCIES.—Pursuant to a risk-sharing agreement with a State or local agency, the Secretary shall delegate the authority to insure and make commitments to insure the portion of mortgages to be insured by the Sec-

retary under this section to the State or local agency. The risk-sharing agreement shall contain such other matters as the Secretary and the State or local agency agree.

"(f) UNDERWRITING STANDARDS AND LOAN TERMS AND CONDITIONS.—The State or local agency shall adopt underwriting standards and loan terms and conditions for purposes of underwriting loans to be insured under this section. Such standards shall be at least as stringent as the standards pursuant to this Act for mortgages insured under section 203 and shall be subject to review and approval by the Secretary.

"(g) MORTGAGE INSURANCE PREMIUMS.—

"(1) REQUIREMENT.—The State or local agency shall require the payment of mortgage insurance premiums by mortgagors.

"(2) SHARES.—The Secretary shall establish policies and procedures for the sharing of premiums between the Secretary and the State or local agency, based on the relative risk to, and administrative costs of, the Secretary and the State or local agency. The share paid to the Secretary shall not be less than an amount necessary to cover the risk to, and administrative costs of, the Secretary.

"(h) LIMITATIONS ON PRINCIPAL MORTGAGE AMOUNT.—

"(1) INSURED PORTION.—The portion of the mortgage insured under this section by the Secretary may not exceed an amount equal to the lesser of (A) 80 percent of the appraised value of the property, or (B) the maximum amount the Secretary may insure under section 203(b) of this Act for the area (but not including any amount for a mortgage insurance premium).

"(2) TOTAL PRINCIPAL AMOUNT.—The total principal amount of a mortgage insured under this section by the Secretary and the State or local agency (A) shall exceed the maximum amount the Secretary may insure under subparagraph (A) of the first sentence of section 203(b)(2) for the area, and (B) may not exceed the conforming loan limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size, as adjusted annually.

"(3) LOAN-TO-VALUE RATIO.—The principal obligation of a mortgage may not exceed an amount determined in accordance with subparagraph (B) of the first sentence of section 203(b)(2) plus the mortgage insurance premium.

"(4) REFINANCING MORTGAGES.—Notwithstanding paragraph (2)(A) or (3), in the case of refinanc-

ing of an existing mortgage that was previously insured under this section, the principal obligation of a refinancing mortgage may not exceed the outstanding principal balance of the existing mortgage plus any mortgage insurance premium.

"(i) INSURANCE CLAIMS.—

"(1) PROCEDURE.—In the case of a default and foreclosure of a mortgage insured under this section, the mortgagee may file a claim with the State or local agency for insurance benefits in accordance with requirements established by the State or local agency and approved by the Secretary. The agency shall pay the full amount of the claim owed to the mortgagee. If the loss on the insured mortgage exceeds the amount of insurance by the agency, the Secretary shall reimburse the agency for the difference.

"(2) MUTUAL MORTGAGE INSURANCE FUND.—The insurance of a mortgage under this section by the Secretary shall be an obligation of the Mutual Mortgage Insurance Fund created pursuant to section 205.

"(j) INAPPLICABILITY OF THE ASSIGNMENT PROGRAM.—Section 230 shall not apply to mortgages insured under the program authorized by this section.

"(k) RESTRICTION ON GNMA SECURITIZATION.—The Government National Mortgage Association shall not securitize any loans insured under this section.

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

"(1) The term 'local agency' means an agency of a unit of general local government, as defined by the Secretary, that has the authority to insure mortgages and to participate with the Secretary in the single family risk-sharing program under this section, or an agency or instrumentality of a local agency if the agency or instrumentality has such authority.

"(2) The term 'State agency' means an agency of a State that has the authority to insure mortgages and to participate with the Secretary in the single family risk-sharing program under this section, or an agency or instrumentality of a State agency if the agency or instrumentality has such authority.

"(3) The term 'single family property' means a property upon which there is located a dwelling designed principally for occupancy by 1 family, and includes a condominium and a cooperative.

"(4) The term 'State' means the several States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Commonwealth of the Northern

Mariana Islands, American Samoa, and the Virgin Islands.''.

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall issue any regulations necessary to implement the amendment made by subsection (a).

SEC. 412. DELEGATION OF SINGLE FAMILY MORTGAGE INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

''DELEGATION OF INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES

''SEC. 257. (a) AUTHORITY.—The Secretary may delegate, to one or more mortgagees approved by the Secretary under the direct endorsement program, the authority of the Secretary under this Act to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families.

''(b) CONSIDERATIONS.—In determining whether to delegate authority to a mortgagee under this section, the Secretary shall consider the experience and performance of the mortgagee under the direct endorsement program, the default rate of insured mortgages originated by the mortgagee compared to the default rate of all insured mortgages

in comparable markets, and such other factors as the Secretary determines appropriate to minimize risk of loss to the insurance funds under this Act.

"(c) ENFORCEMENT OF INSURANCE REQUIREMENTS.—

"(1) IN GENERAL.—If the Secretary determines that a mortgage insured by a mortgagee pursuant to delegation of authority under this section was not originated in accordance with the requirements established by the Secretary, and the Secretary pays an insurance claim with respect to the mortgage within a reasonable period specified by the Secretary, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss.

"(2) FRAUD OR MISREPRESENTATION.—If fraud or misrepresentation was involved in connection with the origination, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss regardless of when an insurance claim is paid.

"(d) TERMINATION OF MORTGAGEE'S AUTHORITY.—If a mortgagee to which the Secretary has made a delegation under this section violates the requirements and procedures established by the Secretary or the Secretary determines that other good cause exists, the Secretary may cancel a delegation of authority under this section to the mortgagee

by giving notice to the mortgagee. Such a cancellation shall be effective upon receipt of the notice by the mortgagee or at a later date specified by the Secretary. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

''(e) REQUIREMENTS AND PROCEDURES.—Before approving a delegation under this section, the Secretary shall issue regulations establishing appropriate requirements and procedures, including requirements and procedures governing the indemnification of the Secretary by the mortgagee.''.

SEC. 413. ELIGIBILITY OF MORTGAGES ON HOMES ON LEASED LAND OWNED BY COMMUNITY LAND TRUSTS.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

''ELIGIBILITY OF MORTGAGES ON HOMES ON LEASED LAND OWNED BY COMMUNITY LAND TRUSTS

''SEC. 258. (a) ELIGIBILITY FOR INSURANCE.—In providing mortgage insurance under any provision of this title for a mortgage covering a 1- to 4-family residence, the Secretary may insure a mortgage covering such a residence which is located on property owned by a community land trust without regard to the extent to which the resale price

of the residence is restricted or the manner in which such price is established.

"(b) LIMITATION ON RESTRICTIONS.—The Secretary may not, as a condition of such insurance, establish any requirements regarding the resale price of residences on land owned by a community land trust, except that the Secretary may require that a ground lease or other document establishing legally enforceable restrictions or limitations on the resale price provide that the restrictions or limitations be cancelable in the event of foreclosure or delivery of a deed in lieu of foreclosure (or assignment).

"(c) DEFINITION OF 'COMMUNITY LAND TRUST'.—For purposes of this section, the term 'community land trust' has the meaning given the term in section 233 of the Cranston-Gonzalez National Affordable Housing Act.".

SEC. 414. INSURANCE OF 2-STEP SINGLE FAMILY MORTGAGES.

Title II of the National Housing Act (12 U.S.C. 1701 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

"2-STEP SINGLE FAMILY MORTGAGES

"SEC. 259. (a) AUTHORITY.—After making the finding required under subsection (d), the Secretary may insure under any provision of this title a mortgage involving property upon which there is located a dwelling designed prin-

cipally for occupancy by 1 to 4 families, where the mortgage provides that the effective rate of interest charged is—

"(1) fixed for the duration of a specified period that consists of not less than the first 5 years of the mortgage term;

"(2) adjusted by the mortgagee upon the expiration of the specified period referred to in paragraph (1) for the mortgage; and

"(3) for the term of the mortgage remaining after such adjustment—

"(A) fixed at the adjusted rate established pursuant to paragraph (2); or

"(B) periodically adjusted by the mortgagee.

"(b) REDETERMINATION OF RATE.—For each mortgage insured pursuant to this section, the adjustment of the effective rate of interest pursuant to subsection (a)(2) may be accomplished through adjustments in the monthly payment amount, the outstanding principal balance, or the mortgage term, or a combination of such factors, except that in no case may any extension of a mortgage term result in a total term in excess of 40 years. The adjustment in the effective rate of interest shall correspond to a specified national interest rate index that is approved in regulations issued by the Secretary and information on which is readily

accessible to the mortgagors from generally available published sources.

"(c) LIMITATIONS ON SECOND-STEP PERIODIC RATES.—For each mortgage insured pursuant to this section for which the effective rate of interest charged pursuant to subsection (a)(3) is periodically adjusted under subparagraph (B) of such subsection, such adjustments in the interest rate—

"(1) may be accomplished through adjustments in the monthly payment amount, the outstanding principal balance, or the mortgage term, or a combination of such factors, except that in no case may any extension of a mortgage term result in a total term in excess of 40 years;

"(2) shall correspond to a specified national interest rate index that is approved in regulations issued the Secretary and information on which is readily accessible to the mortgagors from generally available published sources;

"(3) shall be made on an annual basis;

"(4) shall be limited, with respect to any single interest rate increase, to no more than 1 percent on the outstanding loan balance; and

"(5) be limited to a maximum increase of 5 percentage points above the initial contract interest rate over the term of the mortgage.

"(d) CONDITIONS ON INSURING AUTHORITY.—The Secretary may insure mortgages pursuant to this section only after determining that the risk posed by such insurance to the financial safety and soundness of the insurance fund of which the mortgage insurance is an obligation does not exceed such risk posed by insurance of mortgages of equivalent terms having fixed interest rates over such terms.

"(e) DESCRIPTION OF FEATURES.—The Secretary shall issue regulations requiring that the mortgagee make available to the mortgagor, at the time of loan application, a written explanation of the features of the 2-step mortgage insured pursuant to this section.

"(f) LIMITATION OF TOTAL NUMBER OF MORTGAGES INSURED.—The aggregate number of mortgages and loans insured pursuant to this section in any fiscal year may not exceed 10 percent of the aggregate number of mortgages and loans insured by the Secretary under this title during the preceding fiscal year.".

SEC. 415. MORTGAGE LIMITS FOR MULTIFAMILY PROJECTS IN HIGH-COST AREAS.

(a) IN GENERAL.—Each of the provisions under subsection (b) is amended by striking ''140 percent'' and inserting ''152 percent''.

(b) PROVISIONS AMENDED.—The provisions under this subsection are the following sections of title II of the National Housing Act (12 U.S.C. 1707 et seq.):

(1) Section 207(c)(3).

(2) Section 213(b)(2).

(3) Section 220(d)(3)(B)(iii).

(4) Section 221(d)(3)(ii).

(5) Section 221(d)(4)(ii).

(6) Section 231(c)(2).

(7) Section 234(e)(3).

SEC. 416. CALCULATION OF CREDIT SUBSIDY FOR FHA REFINANCINGS AND OFFSET OF NEGATIVE SUBSIDIES.

(a) REFINANCING.—Paragraph (2) of section 542 of the National Housing Act (12 U.S.C. 1735f–20(2)) is amended by adding at the end the following new sentence: ''In the case of a mortgage insured under this Act that refinances an existing insured mortgage, the cost to the Government shall not exceed an amount that is determined by applying the subsidy rate used for the insurance authority pursuant to which the refinanced mortgage was insured to

the amount of the refinancing mortgage which exceeds the outstanding principal balance of the refinanced mortgage, which amount may be adjusted, if necessary, by reason of an extension in the remaining term of the refinanced mortgage.''.

(b) OFFSETS.—Section 542 of the National Housing Act is amended by adding at the end the following new flush sentence:

''The cost, as defined in section 502 of the Congressional Budget Act of 1974, for any fiscal year of new insurance commitments and of modifications to existing loans, loan guarantees, or insurance commitments, shall be determined by subtracting the aggregate amount of negative subsidies from the aggregate amount of positive subsidies for the fiscal year.''.

SEC. 417. APPROVAL OF POINT-OF-USE PURIFICATION SYSTEMS AND TESTING OF SYSTEMS.

(a) IN GENERAL.—Section 424 of the Housing and Community Development Act of 1987 (12 U.S.C. 1701z–15) is amended—

(1) in subsection (a), by inserting after the period at the end the following new sentence: ''The Secretary of Housing and Urban Development shall provide for the approval under subsection (c) of both point-of-use and point-of-entry water treatment

equipment and water purification systems that meet the standards established under this section.'';

(2) in the first sentence of subsection (b), by striking ''general standards recognized by the Department as modified for local or regional conditions'' and inserting the following: ''standards for testing using (1) industry-accepted product testing protocols, or (2) protocols that utilize technically valid methodology using analytical testing methods of the Environmental Protection Agency for drinking water quality and maximum contaminant levels or equivalent methods'';

(3) by redesignating subsection (b) (as amended by paragraph (2) of this section) as subsection (c); and

(4) by inserting after subsection (a) the following new subsection:

''(b) POINT-OF-USE EQUIPMENT.—For any property in which the water treatment or purification system in operation employs point-of-use equipment, the Secretary may not require that a treatment or purification system be employed on any water supply source serving the property that provides water that will not be used primarily for human consumption.''.

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall issue any regulations necessary to carry out section 424 of the Housing and Community Development Act of 1987, as amended by subsection (a) of this section, not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

SEC. 418. ENERGY EFFICIENT MORTGAGES PILOT PROGRAM.

Section 106 of the Energy Policy Act of 1992 (42 U.S.C. 12712 note) is amended—

(1) in subsection (a)(2)—

(A) in subparagraph (A), by inserting "(which may be an adjustable rate mortgage insured under section 251 of such Act and may be a mortgage for a property that is not the principal or secondary residence of the mortgagor to the extent provided in section 203(g) of such Act)" after "Act"; and

(B) by adding at the end the following new subparagraph:

"(D) RATING AND INSTALLATION.—The program shall provide that the person conducting the home energy rating report under subsection (c)(2) for the property subject to the energy efficient mortgage may also, subject only to the ap-

proval of the mortgagee and mortgagor, install the energy efficiency improvements.''; and

(2) in subsection (c)—

(A) in paragraph (1), by inserting ''(including an adjustable rate mortgage loan eligible for insurance under section 251 of such Act)'' after ''Act''; and

(B) in the first sentence of paragraph (2), by striking ''the total present value cost'' and all that follows through the end of the sentence and inserting the following: ''energy improvements that generate energy savings in the first year after improvement that are greater than the increase in the amount of the loan payment for such first-year due to the energy improvements. In the case of a base loan insured under section 251 of the National Housing Act, the interest rate used to determine the amount of such increase in the loan payment shall be the maximum allowable interest rate under the mortgage.''.

SEC. 419. EXTENSION OF MULTIFAMILY MORTGAGE CREDIT DEMONSTRATIONS.

Section 542 of the Housing and Community Development Act of 1992 (12 U.S.C. 1707 note) is amended—

(1) in subsection (b)(5), by striking ''1993 and 1994'' and inserting ''1995 and 1996''; and

(2) in subsection (c)(4), by striking ''1993, 1994, and 1995'' and inserting ''1995, 1996, and 1997''.

SEC. 420. INDIAN HOUSING LOAN GUARANTEES.

(a) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a(i)(5)(C)) is amended by striking ''fiscal years 1993 and 1994'' and inserting ''fiscal years 1995 and 1996''.

(b) AUTHORIZATION OF APPROPRIATIONS FOR GUARANTEE FUND.—Section 184(i)(7) of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a(i)(7)) is amended to read as follows:

''(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Guarantee Fund to carry out this section $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996.''.

SEC. 421. NATIONAL COMMISSION ON THE FUTURE OF THE FEDERAL HOUSING ADMINISTRATION.

(a) PURPOSE.—The purpose of this section is to establish a national commission to develop recommendations regarding the appropriate future role of the Federal Government in providing mortgage insurance, for modernizing

and improving the structure and operations of the Federal Housing Administration, for protecting the safety and soundness of the insurance funds of the FHA, and for serving families currently underserved by the mortgage finance system.

(b) ESTABLISHMENT.—There is hereby established a commission to be known as the National Commission on the Future of the Federal Housing Administration.

(c) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall consist of the Secretary of Housing and Urban Development and 16 members appointed, not later than 60 days after amounts to carry out this section are made available under subsection (h), as follows:

(A) 4 members shall be appointed by the Chairman of the Committee on Banking, Housing, and Urban Affairs of the Senate and 4 members shall be appointed by the Ranking Minority Member of such Committee.

(B) 4 members shall be appointed by the Chairman of the Committee on Banking, Finance and Urban Affairs of the House of Representatives and 4 members shall be appointed by the Ranking Minority Member of such Committee.

(2) QUALIFICATIONS.—The 8 members of the Commission appointed under each of subparagraphs (A) and (B) of paragraph (1) shall include—

(A) 1 individual who represents the mortgage finance industry;

(B) 1 individual with knowledge and experience from a secondary mortgage market entity;

(C) 1 individual with knowledge and experience concerning home sales or multifamily housing management;

(D) 1 individual who represents the private mortgage insurance industry;

(E) 1 individual with knowledge and experience concerning single family or multifamily housing asset management;

(F) 1 individual who represents a State or local housing agency active in single family or multifamily housing activities;

(G) 1 individual who represents the interests of consumers or communities, in single family or multifamily housing; and

(H) 1 individual who represents or resides in an urban or rural neighborhood whose residents consist predominantly of members of minorities.

(3) CHAIRPERSON.—The Commission shall elect a chairperson from among members of the Commission.

(4) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(5) VOTING.—Each member of the Commission shall be entitled to 1 vote, and all votes shall be given equal weight.

(6) VACANCIES.—Any vacancy on the Commission shall not affect the powers of the Commission and shall be filled in the manner in which the original appointment was made.

(7) PROHIBITION ON ADDITIONAL PAY.—Members of the Commission 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 Commission.

(d) SUBCOMMITTEES.—In carrying out its duties under subsection (e), the Commission shall establish 2 subcommittees, 1 of which shall carry out such duties with respect to issues relating to mortgage insurance for multifamily housing and 1 of which shall carry out such duties with respect to issues relating to mortgage insurance for single family housing.

(e) DUTIES.—

(1) IN GENERAL.—The Commission shall conduct a study of the existing operations of the FHA and shall make recommendations regarding the future mission, organization, responsibilities, and function of the FHA. In conducting the study and formulating recommendations, the Commission shall—

(A) determine the most appropriate role for the Federal Government in extending the availability of mortgage credit and review various alternative mortgage products and, with regard to the mission and functions of the FHA, the appropriateness of the use of such products by the FHA;

(B) determine whom FHA programs are intended to serve;

(C) consider whether the FHA could function more effectively if organized as a government corporation, a government-sponsored enterprise, or with any other organizational structure different from the existing structure;

(D) consider whether the personnel, procurement, budgeting, and other requirements generally applicable to the Federal agencies should be modified in their applicability to the FHA;

(E) review the laws establishing and relating to the FHA and determine whether amendments to such law would be appropriate to restructure the FHA, or to provide new authority or increased flexibility for the operations of the FHA;

(F) determine ways in which the FHA can more effectively contribute to the revitalization of inner cities and increase housing opportunities for low-income families;

(G) determine ways to improve the management and sale of assets owned by the FHA;

(H) determine ways to reduce the risk of future insurance losses from the existing inventory of outstanding mortgages insured by the FHA; and

(I) determine ways to improve the private management of multifamily properties insured by the FHA.

(2) INTERIM REPORT.—Not later than the expiration of the 10-month period beginning upon the appointment of all of the members of the Commission under subsection (c), the Commission shall submit to the Secretary of Housing and Urban Development and to the Congress an interim report containing the

preliminary information and evaluations specified in paragraph (1) and initial recommendations for legislative and administrative actions to carry out the determinations made pursuant to paragraph (1).

(3) REPORT.—Not later than the expiration of the 18-month period beginning upon the appointment of all of the members of the Commission under subsection (c), the Commission shall submit to the Secretary of Housing and Urban Development and to the Congress a report containing the information and evaluations specified in paragraph (1) and specific recommendations for legislative and administrative actions to carry out the determinations made pursuant to paragraph (1).

(f) POWERS.—

(1) HEARINGS.—The Commission may, for the purpose of carrying out this section, hold such hearings and sit and act at such times and places as the Commission considers appropriate.

(2) RULES AND REGULATIONS.—The Commission 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.

(3) ASSISTANCE FROM FEDERAL AGENCIES.—

(A) INFORMATION.—The Commission may secure directly from any department or agency of the United States such data and information as the Commission may require for the purpose of carrying out this section. Upon request of the Commission, any such department or agency shall furnish such data or information. The Commission may acquire data or information directly from such departments or agencies to the same extent that the Secretary may acquire such data or information.

(B) ADMINISTRATIVE SUPPORT.—The General Services Administration shall provide to the Commission, on a reimbursable basis, administrative support services requested by the Commission.

(C) PERSONNEL DETAILS.—Upon the request of the chairperson of the Commission, the Secretary 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 Commission in carrying out its duties under this section.

(4) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(5) CONTRACTING.—The Commission may, to such extent and in such amounts as are provided in appropriations Acts, enter into contracts necessary to carry out its duties under this section.

(6) ADVISORY COMMITTEE.—The Commission shall be considered an advisory committee within the meaning of the Federal Advisory Committee Act.

(7) STAFF.—

(A) EXECUTIVE DIRECTOR.—The Commission shall appoint an executive director of the Commission who shall be compensated at a rate fixed by the Commission, but which may not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(B) PERSONNEL.—In addition to the executive director, the Commission may appoint and fix the compensation of such personnel as the Commission considers appropriate, in accordance with the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relat-

ing to classification and General Schedule pay rates.

(C) LIMITATION.—This paragraph shall be effective only to the extent amounts are made available in appropriation Acts.

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

(1) The term ''Commission'' means the National Commission on the Future of the Federal Housing Administration.

(2) The term ''FHA'' means the Federal Housing Administration of the Department of Housing and Urban Development.

(3) The term ''Secretary'' means the Secretary of Housing and Urban Development.

(h) FUNDING.—Of any amounts appropriated pursuant to section 501 of the Housing and Urban Development Act of 1970, the Secretary shall set aside to carry out this section $1,000,000 for fiscal year 1995. Any amounts made available pursuant to this subsection shall remain available until expended.

(i) SUNSET.—The Commission shall terminate upon the expiration of the 18-month period that begins upon the appointment of all of the members of the Commission under subsection (c).

SEC. 422. ACTION AND REPORT ON COOPERATIVE HOMEOWNERSHIP FOR LOW- AND MODERATE-INCOME FAMILIES.

(a) REVIEW.—The Secretary of Housing and Urban Development, acting through the Assistant Secretary who is the Federal Housing Commissioner, shall review the report of The Urban Institute, dated May 1994 and entitled ''Performance of HUD Subsidized Loans: Does Cooperative Housing Matter?''.

(b) ACTION.—Not later than 9 months after the date of the enactment of this Act, the Secretary shall implement any recommendations made in the report referred to in subsection (a) that (1) the Secretary considers appropriate and feasible, (2) are within the jurisdiction of the Assistant Secretary referred to in subsection (a), and (3) the Secretary has authority under law to implement.

(c) REPORT.—The Secretary shall submit a report to the Congress not later than 9 months after the date of the enactment of this Act, which shall—

(1) evaluate the report referred to in subsection (a);

(2) describe any action taken under subsection (b);

(3) identify and proposes the elimination of any Federal housing policies or programs that, in the determination of the Secretary, inhibit the development

of cooperative homeownership for low- and moderate-income families; and

(4) recommend any legislative action necessary to eliminate the policies or programs identified under paragraph (3).

SEC. 423. STUDY OF ACTIVITY OF PRIVATE MORTGAGE BANKERS AND INSURERS.

(a) STUDY.—The Secretary of Housing and Urban Development shall conduct a study to determine the patterns of lending and insurance activity of private mortgage lenders and private mortgage insurers, respectively. The study shall be designed to determine—

(1) the geographical areas in which properties are located for which loans are made by private mortgage lenders and the characteristics of such areas;

(2) the extent of lending activity by private mortgage lenders, in terms of number of loans and principal amount, in areas having a low median income, a moderate median income, and other areas;

(3) the types of loans made by private mortgage lenders, and the extent of lending activity, in each of the areas described in paragraph (2), which shall include the types and extent of any lending activity made in connection with economic development of low- and moderate-income areas;

(4) the geographical areas in which properties are located for which mortgage insurance is provided by private mortgage insurers and the characteristics of such areas;

(5) the extent of insurance activity by private mortgage insurers, in terms of number of loans insured and principal amount insured, in areas having a low median income, a moderate median income, and other areas; and

(6) the types of loans insured and extent of insurance activity by private mortgage insurers in each of the areas described in paragraph (5), which shall include the types and extent of any insurance activity made in connection with mortgages or loans for economic development activity in low- and moderate-income areas.

(b) REPORT.—The Secretary shall submit a report to the Congress describing the results of the study under this section not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

(c) DEFINITIONS.—For purposes of this section—

(1) the term ''private mortgage insurer'' means a person who provides insurance against the nonpayment of, or default on, a mortgage or loan for residential or commercial property that is not insur-

ance made available under the National Housing Act, title 38 of the United States Code, or title V of the Housing Act of 1949; and

(2) the term ''private mortgage lender'' means any lender that is not subject to the supervision, approval, regulation, or insuring of the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, or any other Federal agency that regulates lending activity. The term does not include institutions engage primarily in the purchase of mortgage loans.

Subtitle B—Secondary Mortgage Market Programs

SEC. 441. LIMITATION ON GNMA GUARANTEES OF MORTGAGE-BACKED SECURITIES.

Section 306(g)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g)(2)) is amended to read as follows:

''(2) Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter

into commitments to issue guarantees under this subsection in an aggregate amount of $130,000,000,000 during fiscal year 1995 and $130,000,000,000 during fiscal year 1996. There are authorized to be appropriated to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guarantees issued under this Act by the Association such sums as may be necessary for each of fiscal years 1995 and 1996.''.

SEC. 442. ASSESSMENT COLLECTION DATES FOR OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT.

Section 1316(b) of the Housing and Community Development Act of 1992 (12 U.S.C. 4516(b)) is amended by striking paragraph (2) and inserting the following new paragraph:

''(2) TIMING OF PAYMENT.—The annual assessment shall be payable semiannually for each fiscal year, on October 1st and April 1st.''.

Subtitle C—Emergency Mortgage Relief

SEC. 461. AMENDMENTS TO EMERGENCY HOMEOWNERS' RELIEF ACT.

(a) FINDINGS.—Section 102(a) of the Emergency Homeowners' Relief Act (12 U.S.C. 2701(a)) is amended—

(1) by striking paragraph (1) and inserting the following new paragraph:

''(1) certain homeowners in the United States are encountering severe economic hardships as a result of unemployment or a reduction in income;'';

(2) in paragraph (2), by striking ''adverse economic conditions'' and inserting ''economic hardships''; and

(3) in paragraph (3), by striking ''economic conditions'' and inserting ''their economic conditions''.

(b) MORTGAGES ELIGIBLE FOR ASSISTANCE.—Section 103 of the Emergency Homeowners' Relief Act (12 U.S.C. 2702) is amended—

(1) in paragraph (5), by striking ''and'' at the end;

(2) in paragraph (6)—

(A) by inserting ''a 1- to 4-family residence that is'' after ''is''; and

(B) by striking the period at the end and inserting ''; and''; and

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

''(7) the delinquency for which the holder of the mortgage intends to foreclose commenced after the date of the enactment of the Housing and Community Development Act of 1994.''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 109(a) of the Emergency Homeowners' Relief Act (12 U.S.C. 2708(a)) is amended by striking '', except that'' and all that follows through ''$500,000,000'' and inserting ''for fiscal years 1995 and 1996''.

(d) EXPIRATION DATE.—Section 109(b) of the Emergency Homeowners' Relief Act (12 U.S.C. 2708(b)) is amended by striking ''September 30, 1977'' and inserting ''September 30, 1996''.

(e) NOTIFICATION.—Section 110 of the Emergency Homeowners' Relief Act (12 U.S.C. 2709) is amended—

(1) in paragraph (1) of the 1st sentence—

(A) by striking ''October 1, 1977'' and inserting ''September 30, 1996''; and

(B) by inserting ''single family'' before ''residential'';

(2) in paragraph (2) of the 1st sentence, by striking ''until one year from the date of the enactment of this title'' and inserting ''during fiscal years 1995 and 1996''; and

(3) in the 2d sentence, by striking ''Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation'' and inserting ''Office of Thrift Supervision''.

(f) REPORTS.—Section 111 of the Emergency Homeowners' Relief Act (12 U.S.C. 2710) is amended—

(1) by striking ''Within'' and all that follows through ''Congress on'' and inserting the following: ''For fiscal year 1995 and each fiscal year thereafter that begins before the date in section 109(b), the Secretary shall submit a report under this section to the Congress. The report for a fiscal year shall be submitted not later than 60 days after the end of the fiscal year and shall describe'';

(2) by striking ''purposes'' and inserting ''purpose'';

(3) by inserting ''and'' before ''(4)''; and

(4) by striking ''; and (5)'' and all that follows and inserting a period.

Subtitle D—Nonjudicial Foreclosure of Defaulted Single Family Mortgages

SEC. 481. SHORT TITLE.

This subtitle may be cited as the ''Single Family Mortgage Foreclosure Act of 1994''.

SEC. 482. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) disparate State laws under which mortgages are foreclosed on behalf of the Secretary of Housing

and Urban Development covering one- to four-family residential properties burden certain programs administered by the Secretary, increase the costs of collecting these obligations, and cause detriment to the community generally;

(2) long periods to complete the foreclosure of these mortgages under certain State laws lead to deterioration in the condition of the properties involved; necessitate substantial Federal holding expenditures; increase the risk of vandalism, fire loss, depreciation, damage, and waste with respect to the properties; and adversely affect the neighborhoods in which the properties are located;

(3) these conditions seriously impair the Secretary's ability to protect the Federal financial interest in the affected properties and frustrate attainment of the objectives of the underlying Federal program authority;

(4) the availability of a uniform and more expeditious procedure, with no right of redemption in the mortgagor or others, for the foreclosure of these mortgages by the Secretary will tend to ameliorate these conditions; and

(5) providing the Secretary with a nonjudicial foreclosure procedure will reduce unnecessary litiga-

tion by removing many foreclosures from the courts where they contribute to overcrowded calendars.

(b) PURPOSE.—The purpose of this subtitle is to create a uniform Federal foreclosure remedy for single family mortgages that (1) are held by the Secretary of Housing and Urban Development pursuant to title I or title II of the National Housing Act or (2) secure loans obligated by the Secretary under section 312 of the Housing Act of 1964.

SEC. 483. DEFINITIONS.

As used in this subtitle—

(1) the term ''bona fide purchaser'' means a purchaser for value in good faith and without notice of any adverse claim, who will, therefore, acquire the security property free of any adverse claim;

(2) the term ''mortgage'' means a deed of trust, mortgage, deed to secure debt, security agreement, or any other form of instrument under which any interest in property, real, personal or mixed, or any interest in property including leaseholds, life estates, reversionary interests, and any other estates under applicable State law, is conveyed in trust, mortgaged, encumbered, pledged, or otherwise rendered subject to a lien for the purpose of securing the payment of money or the performance of an obligation;

(3) the term ''single family mortgage'' means a mortgage that covers property on which there is located a one- to four-family residence, which mortgage—

(A) is held by the Secretary pursuant to title I or title II of the National Housing Act, or

(B) secures a loan obligated by the Secretary under section 312 of the Housing Act of 1964, as it existed before its repeal by section 289 of the Cranston-Gonzalez National Affordable Housing Act (except that a mortgage securing such a loan that covers property containing non-residential space and a one- to four-family dwelling shall not be subject to this Act);

(4) the term ''mortgage agreement'' means the note or debt instrument and the mortgage instrument, deed of trust instrument, trust deed, or instrument or instruments creating the mortgage, including any instrument incorporated by reference therein and any instrument or agreement amending or modifying any of the foregoing;

(5) the term ''mortgagor'' means the obligor, grantor, or trustor named in the mortgage agreement and, unless the context otherwise indicates, includes

the current owner of record of the security property whether or not personally liable on the mortgage debt;

(6) the term ''owner'' means any person who has an ownership interest in property and includes heirs, devisees, executors, administrators, and other personal representatives, and trustees of testamentary trusts if the owner of record is deceased;

(7) the term ''person'' includes any individual, group of individuals, association, partnership, corporation, or organization;

(8) the terms ''record'' and ''recorded'' include ''register'' and ''registered'' in the instance of registered land;

(9) the term ''security property'' means the property (real, personal or mixed) or an interest in property (including leaseholds, life estates, reversionary interests, and any other estates under applicable State law), together with fixtures and other interests subject to the lien of the mortgage under applicable State law;

(10) the term ''State'' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the

Trust Territory of the Pacific Islands, and Indian tribes as defined by the Secretary;

(11) the term ''county'' means county as defined in section 2 of title I, United States Code; and

(12) the term ''Secretary'' means the Secretary of Housing and Urban Development.

SEC. 484. APPLICABILITY.

Single family mortgages encumbering real estate located in any State may be foreclosed by the Secretary in accordance with this subtitle, or pursuant to other foreclosure procedures available, at the option of the Secretary.

SEC. 485. DESIGNATION OF FORECLOSURE COMMISSIONER.

A foreclosure commissioner or commissioners designated pursuant to this subtitle shall have a nonjudicial power of sale as provided in this subtitle. Where the Secretary wishes to foreclose upon a single family mortgage, the Secretary may designate a foreclosure commissioner and, with or without cause, may designate a substitute foreclosure commissioner to replace a previously designated foreclosure commissioner, by executing a duly acknowledged, written designation stating the name and business or residential address of the commissioner or substitute commissioner. The designation shall be effective upon execution. The foreclosure commissioner, if a natural person, shall be a resident of the State in which the security prop-

erty is located and, if not a natural person, the foreclosure commissioner must be duly authorized to transact business under the laws of the State in which the security property is located. The foreclosure commissioner shall be a person who is responsible, financially sound, and competent to conduct the foreclosure. More than one foreclosure commissioner may be designated. If a natural person is designated as foreclosure commissioner or substitute foreclosure commissioner, such person shall be designated by name, except that where such person is designated in his or her capacity as an official or employee of a government or corporate entity, such person may be designated by his or her unique title or position instead of by name.

SEC. 486. PREREQUISITES TO FORECLOSURE.

Foreclosure by the Secretary under this subtitle of a single family mortgage may be commenced, as provided in section 488, upon the breach of a covenant or condition in the mortgage agreement for which foreclosure is authorized under the mortgage, except that no such foreclosure may be commenced unless any previously pending proceeding, judicial or nonjudicial, separately instituted by the Secretary to foreclose the mortgage other than under this subtitle has been withdrawn, dismissed, or otherwise terminated. No such separately instituted foreclosure proceeding on the mortgage shall be instituted by the Secretary during

the pendency of foreclosure pursuant to this subtitle. Nothing in this subtitle shall preclude the Secretary from enforcing any right, other than foreclosure, under applicable Federal or State law, including any right to obtain a monetary judgment. Nothing in this subtitle shall preclude the Secretary from foreclosing under this subtitle where the Secretary has obtained or is seeking any other remedy available pursuant to Federal or State law or under the mortgage agreement, including, but not limited to, the appointment of a receiver, mortgagee-in-possession status, or relief under an assignment of rents.

SEC. 487. NOTICE OF FORECLOSURE SALE.

The notice of foreclosure sale to be served in accordance with this subtitle shall be subscribed with the name and address of the foreclosure commissioner and the date on which subscribed, and shall set forth the following information:

(1) The names of the Secretary, the original mortgagee (if other than the Secretary), and the original mortgagor.

(2) The street address or a description of the location of the security property, and a description of the security property, sufficient to identify the property to be sold.

(3) The date of the mortgage, the office in which the mortgage is recorded, and the liber and folio or other description of the location of recordation of the mortgage.

(4) The failure to make payment, including the due date of the earliest installment payment remaining wholly unpaid as of the date the notice is subscribed, or the description of other default or defaults upon which foreclosure is based, and the acceleration of the secured indebtedness.

(5) The date, time, and place of the foreclosure sale.

(6) A statement that the foreclosure is being conducted pursuant to this subtitle.

(7) The types of costs, if any, to be paid by the purchaser upon transfer of title.

(8) The amount and method of deposit to be required at the foreclosure sale (except that no deposit shall be required of the Secretary), the time and method of payment of the balance of the foreclosure purchase price, and other appropriate terms of sale.

SEC. 488. COMMENCEMENT OF FORECLOSURE.

(a) REQUEST.—If the Secretary as holder of a single family mortgage determines that the prerequisites to foreclosure set forth in section 486 are satisfied, the Secretary

may request the foreclosure commissioner to commence foreclosure of a single family mortgage. Upon such request, the foreclosure commissioner shall commence foreclosure of the mortgage, by commencing service of a notice of default and foreclosure sale in accordance with section 489.

(b) SUBSTITUTE COMMISSIONER.—After commencement of a foreclosure under this subtitle, the Secretary may designate a substitute foreclosure commissioner at any time before the time of foreclosure sale, and the foreclosure shall continue without prejudice, unless the substitute commissioner, in his or her sole discretion, finds that continuation of the foreclosure sale will unfairly affect the interests of the mortgagor. If the substitute commissioner makes such a finding, the substitute commissioner shall cancel the foreclosure sale, or adjourn such sale in the manner provided in section 491(c). Upon designation of a substitute foreclosure commissioner, a copy of the written notice of such designation referred to in section 485 shall be served (1) by mail, as provided in such section 489 (except that the minimum time periods between mailing and the date of foreclosure sale prescribed in such section shall not apply), or (2) in any other manner which, in the substitute commissioner's sole discretion, is conducive to achieving timely notice of such substitution.

SEC. 489. SERVICE OF NOTICE OF FORECLOSURE.

The foreclosure commissioner shall serve the notice of foreclosure sale provided for in section 487 upon the following persons and in the following manner, and no additional notice shall be required to be served, notwithstanding any notice requirements of any State or local law:

(1) TIMING.—At least 45 days prior to the date of the foreclosure sale, the notice of foreclosure sale required by section 488 of this subtitle shall be filed in the manner authorized for filing a notice of an action concerning real property according to the law of the State where the security property is located or, if none, in the manner authorized by section 3201 of title 28, United States Code.

(2) NOTICE BY MAIL.—The notice of foreclosure sale shall be sent by certified or registered mail, postage prepaid and return receipt requested to the following:

(A) The current security property owner of record, as the record exists 60 days before the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subtitle.

(B) All mortgagors of record or other persons who appear of record or in the mortgage agreement to be liable for part or all of the mort-

gage debt, as the record exists 60 days before the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subtitle, except any such mortgagors or persons who have been released.

(C) All dwelling units in the security property, whether or not the notice describes a sale adjourned as provided in this subtitle.

(D) All persons holding liens of record upon the security property, as the record exists 60 days before the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subtitle.

Notice under subparagraphs (A) and (B) of this paragraph shall be mailed at least 45 days before the date of foreclosure sale, and shall be mailed to the owner or mortgagor at the last known address of the owner or mortgagor, or, if none, to the address of the security property, or, at the discretion of the foreclosure commissioner, to any other address believed to be that of such owner or mortgagor. Notice under subparagraph (C) of this paragraph shall be mailed at least 45 days before the date of foreclosure sale. If the names of the occupants of the security property are not known to the Secretary, or the security property

has more than one dwelling, the notice shall be posted at the security property at least 45 days prior to the foreclosure sale. Notice under subparagraph (D) of this paragraph shall be mailed at least 45 days before the date of foreclosure sale, and shall be mailed to each such lienholder's address as stated of record or, at the discretion of the foreclosure commissioner, to any other address believed to be that of such lienholder. Notice by mail pursuant to this subsection or section 488(b) shall be deemed duly given upon mailing, whether or not received by the addressee and whether or not a return receipt is received or the letter is returned.

(3) PUBLICATION.—A copy of the notice of default and foreclosure sale shall be published, as provided herein, once a week during three successive calendar weeks before the sale date. Such publication shall be in a newspaper or newspapers having general circulation in the county or counties in which the security property being sold is located. To the extent practicable, the newspaper or newspapers chosen shall be a newspaper or newspapers, if any is available, having circulation conducive to achieving notice of foreclosure by publication. A legal newspaper that is accepted as a newspaper of legal record in the county

or counties in which the security property being sold is located shall be considered a newspaper having general circulation for the purposes of this paragraph. Should there be no newspaper published at least weekly which has a general circulation in one of the counties in which the security property being sold is located, copies of the notice of default and foreclosure sale shall be posted at the courthouse of any county or counties in which the security property is located and at the place where the sale is to be held at least 21 days before the date of sale.

SEC. 490. PRESALE REINSTATEMENT.

(a) IN GENERAL.—Except as provided in sections 488(b) and 491(c), the foreclosure commissioner shall withdraw the security property from foreclosure and cancel the foreclosure sale only if—

(1) the Secretary so directs the commissioner prior to or at the time of sale;

(2) the commissioner finds, upon application of the mortgagor at least three days before the date of sale, that the default or defaults upon which the foreclosure is based did not exist at the time of service of the notice of default and foreclosure sale; or

(3)(A) in the case of a foreclosure involving a monetary default, there is tendered to the foreclosure

commissioner before public auction is completed the entire amount of principal and interest which would be due if payments under the mortgage had not been accelerated;

(B) in the case of a foreclosure involving a nonmonetary default, the foreclosure commissioner, upon application of the mortgagor before the date of foreclosure sale, finds that such default is cured; and

(C) there is tendered to the foreclosure commissioner before public auction is completed all amounts due under the mortgage agreement (excluding additional amounts which would have been due if mortgage payments had been accelerated), all amounts of expenditures secured by the mortgage, and all costs of foreclosure incurred for which payment from the proceeds of foreclosure is provided in section 492, except that the Secretary shall have discretion to refuse to cancel a foreclosure pursuant to this paragraph if the current mortgagor or owner of record has on one or more previous occasions caused a foreclosure of the mortgage, commenced pursuant to this subtitle or otherwise, to be canceled by curing a default.

(b) OPPORTUNITY TO SECRETARY.—Before withdrawing the security property from foreclosure in the circumstances described in subsection (a)(2) or (a)(3), the fore-

closure commissioner shall afford the Secretary a reasonable opportunity to demonstrate why the security property should not be so withdrawn.

(c) EFFECT ON MORTGAGE.—In any case in which a foreclosure commenced under this subtitle is canceled, the mortgage shall continue in effect as though acceleration had not occurred.

(d) EFFECT ON SUBSEQUENT FORECLOSURE.—If the foreclosure commissioner cancels a foreclosure sale under this subtitle a new foreclosure may be subsequently commenced as provided in this subtitle.

(e) NOTICE OF CANCELLATION.—The foreclosure commissioner shall file a notice of cancellation in the same place and manner provided for filing the notice of foreclosure sale in section 489.

SEC. 491. CONDUCT OF SALE AND ADJOURNMENT.

(a) TIME AND LOCATION.—Foreclosure sale pursuant to this subtitle shall be at public auction, and shall be scheduled to begin between the hours of 9 a.m. and 4 p.m. local time. The foreclosure sale shall be held at a location specified in the notice of default and foreclosure sale, which shall be a location where foreclosure real estate auctions are customarily held in the county or one of the counties in which the property to be sold is located, or at a courthouse therein, or at or on the property to be sold. Sale of security property

situated in two or more counties may be held in any one of the counties in which any part of the security property is situated. The foreclosure commissioner may designate the order in which multiple tracts of security are sold.

(b) SALE PROCEDURES.—The foreclosure commissioner shall conduct the foreclosure sale in accordance with the provisions of this subtitle and in a manner fair to both the mortgagor and the Secretary. Written one-price sealed bids shall be accepted by the foreclosure commissioner from the Secretary and other persons for entry by announcement by the commissioner at the sale. The Secretary and any other person may bid at the foreclosure sale, including the Secretary or any other person who has submitted a written one-price bid. The foreclosure commissioner or any relative, related business entity, or employee of such commissioner or entity shall not be permitted to bid in any manner on the security property subject to foreclosure sale, except that the foreclosure commissioner or an auctioneer may be directed by the Secretary to enter a bid on the Secretary's behalf. The foreclosure commissioner may serve as auctioneer, or, in accordance with regulations of the Secretary, may employ an auctioneer to be paid from the commission provided for in section 492(5).

(c) ADJOURNMENT OR CANCELLATION.—The foreclosure commissioner shall have discretion, prior to or at

the time of sale to adjourn or cancel the foreclosure sale if the commissioner determines, in the commissioner's discretion, that circumstances are not conducive to a sale which is fair to the mortgagor and the Secretary or that additional time is necessary to determine whether the security property should be withdrawn from foreclosure as provided in section 490. The foreclosure commissioner may adjourn a sale to a later hour the same day by announcing or posting the new time and place of the foreclosure sale, or may adjourn the foreclosure sale for not less than 9 nor more than 31 days, in which case the commissioner shall serve a notice of default and foreclosure sale revised to recite that the foreclosure sale has been adjourned to a specified date and to include any corrections the foreclosure commissioner deems appropriate. Such notice shall be served by publication and mailing in accordance with section 489, except that publication may be made on any of 3 separate days before the revised date of foreclosure sale, and mailing may be made at any time at least 7 days before the date to which the foreclosure sale has been adjourned.

(d) DEPOSIT.—The foreclosure commissioner may require a bidder to make a cash deposit in an amount or percentage set by him and stated in the notice of foreclosure sale before the bid is accepted. A successful bidder at the foreclosure sale who fails to comply with the terms of the

sale may be required to forfeit the cash deposit or, at the election of the foreclosure commissioner after consultation with the Secretary, shall be liable to the agency for any costs incurred by the agency as a result of such failure.

(e) PRESUMPTION.—Any foreclosure sale held in accordance with this subtitle shall be conclusively presumed to have been conducted in a legal, fair, and reasonable manner. The sale price shall be conclusively presumed to be reasonable and equal to the fair market value of the property.

SEC. 492. FORECLOSURE COSTS.

The following foreclosure costs shall be paid from the sale proceeds before satisfaction of any other claim to such sale proceeds:

(1) Necessary advertising costs and postage incurred in giving notice pursuant to sections 489 and 491.

(2) Mileage for posting notices and for the foreclosure commissioner's or auctioneer's attendance at the sale as provided in section 1921 of title 28, United States Code, for mileage by the most reasonable road distance.

(3) Reasonable and necessary costs actually incurred in connection with any necessary search of title and lien records.

(4) Necessary out-of-pocket costs incurred by the foreclosure commissioner to record documents.

(5) A commission for the foreclosure commissioner other than an employee of the United States for the conduct of the foreclosure to the extent authorized by the Secretary.

SEC. 493. DISPOSITION OF SALE PROCEEDS.

Money realized from a foreclosure sale shall be made available for obligation and expenditure—

(1) first, to cover the costs of foreclosure provided for in section 492;

(2) then, to pay valid tax liens or assessments if required by the notice of foreclosure sale;

(3) then, to pay any liens recorded before the recording of the mortgage which are required to be paid in conformity with the terms of sale in the notice of foreclosure sale;

(4) then, to service charges and advances for taxes, assessments, and property insurance premiums;

(5) then, to the interest;

(6) then, to the principal balance secured by the mortgage (including expenditures for the necessary protection, preservation, and repair of the security property as authorized under the mortgage agreement

and interest thereon if provided for in the mortgage agreement); and

(7) then, to late charges.

Any surplus after payment of the foregoing shall be paid to holders of liens recorded after the mortgage in the order of priority under Federal law or the law of the State where the security property is located and then to the appropriate mortgagor. If the person to whom such surplus is to be paid cannot be located, or if the surplus available is insufficient to pay all claimants and the claimants cannot agree on the allocation of the surplus, or if any person claiming an interest in the mortgage proceeds does not agree that some or all of the sale proceeds should be paid to a claimant as provided in this section, that part of the sale proceeds in question may be deposited by the foreclosure commissioner with an appropriate official or court authorized under law to receive disputed funds in such circumstances. If such a procedure for the deposit of disputed funds is not available, and the foreclosure commissioner files a bill of interpleader or is sued as a stakeholder to determine entitlement to such funds, the foreclosure commissioner's necessary costs in taking or defending such action shall be deductible from the disputed funds.

SEC. 494. TRANSFER OF TITLE AND POSSESSION.

(a) DELIVERY OF DEED.—The foreclosure commissioner shall deliver a deed or deeds to the purchaser or purchasers without warranty or covenants to the purchaser or purchasers and obtain the balance of the purchase price in accordance with the terms of sale provided in the notice of default and foreclosure sale. Notwithstanding State law to the contrary, the commissioner's deed shall be a conveyance of property, and no judicial proceeding shall be required ancillary or supplementary to the procedures provided in this subtitle to assure the validity of the conveyance or confirmation of such conveyance.

(b) POSSESSION.—A purchaser at a foreclosure sale held pursuant to this subtitle shall be entitled to possession upon passage of title to the mortgaged property, subject to an interest or interests not barred under section 496. Any person remaining in possession after the passage of title shall be deemed a tenant at sufferance subject to eviction under local law.

(c) DEATH OF PURCHASER.—If a purchaser dies before execution and delivery of the deed conveying the property to the purchaser, the foreclosure commissioner shall execute and deliver the deed to the representative of the purchaser's estate upon payment of the purchase price in accordance with the terms of sale. Such delivery to the representative

of the purchaser's estate shall have the same effect as if accomplished during the lifetime of the purchaser.

(d) BONA FIDE PURCHASER.—The purchaser of property under this subtitle shall be presumed to be a bona fide purchaser without notice of defects, if any, in the title conveyed to said purchaser if the purchaser would have been considered a bona fide purchaser without notice had the sale been made voluntarily and in person by the debtor.

(e) NULLIFICATION OF RIGHT OF REDEMPTION.—There shall be no right of redemption, or right of possession based upon right of redemption, in the mortgagor or others subsequent to a foreclosure pursuant to this subtitle. Section 204(l) of the National Housing Act and section 701 of the Department of Housing and Urban Development Reform Act of 1989 shall not apply to mortgages foreclosed under this subtitle.

(f) TAX.—When conveyance is made to the Secretary, no tax shall be imposed or collected with respect to the foreclosure commissioner's deed, whether as a tax upon the instrument or upon the privilege of conveying or transferring title to the property. Failure to collect or pay a tax of the type and under the circumstances stated in the preceding sentence shall not be grounds for refusing to record such a deed, for failing to recognize such recordation as impart-

ing notice, or for denying the enforcement of such a deed and its provisions in any State or Federal court.

SEC. 495. RECORD OF FORECLOSURE AND SALE.

(a) RECORD.—To establish a sufficient record of foreclosure and sale, the foreclosure commissioner shall include in the recitals of the deed to the purchaser or prepare an affidavit or addendum to the deed stating—

(1) the date, time and place of sale;

(2) that the mortgage was held by the Secretary, the date of the mortgage, the office in which the mortgage was recorded, and the liber and folio or other description of the recordation of the mortgage;

(3) the particulars of the foreclosure commissioner's service of notice of default and foreclosure sale in accordance with sections 489 and 491;

(4) the date and place of filing the notice of foreclosure sale;

(5) that the foreclosure was conducted in accordance with the provisions of this subtitle and with the terms of the notice of default and foreclosure sale; and

(6) the sale amount.

(b) EFFECT OF STATEMENTS.—The statements set forth in subsection (a) shall be prima facie evidence of the truth of such recitals and statement of facts in any Federal or State court; and shall be a conclusive presumption in

favor of bona fide purchasers and encumbrancers for value without notice. Encumbrancers for value include liens placed by lenders who provide the purchaser with purchase money in exchange for a security interest in the newly-conveyed property.

(c) RECORDATION.—The deed executed by the foreclosure commissioner, the foreclosure commissioner's affidavit and any other instruments submitted for recordation in relation to the foreclosure of the security property under this subtitle shall be accepted for recordation by the registrar of deeds or other appropriate official of the county or counties in which the security property is located upon tendering of payment of the usual recording fees for such instruments without regard to the compliance of those instruments with local filing requirements.

SEC. 496. EFFECT OF SALE.

A sale, made and conducted as prescribed in this subtitle to a bona fide purchaser, shall be an entire bar of all claims upon, or with respect to, the property sold, of each of the following persons:

(1) Any person to whom the notice of foreclosure sale was mailed as provided in this subtitle, and the heir, devisee, executor, administrator, successor or assignee claiming under any such person.

(2) Any person claiming any interest in the property subordinate to that of the mortgage, if such person had actual knowledge of the sale.

(3) Each person, claiming any interest in the property, whose assignment, mortgage, or other conveyance was not duly recorded or filed in the proper place for recording or filing, or whose judgment or decree was not duly docketed or filed in the proper place for docketing or filing, prior to the date on which the notice of sale was first served by publication, as required by section 489(2); and the executor, administrator, or assignee of such a person.

(4) Every other person claiming under a statutory lien or encumbrance created subsequent to the recording or filing of the mortgage being foreclosed, attaching to the title or interest of any person designated in any of the foregoing subsections of this section.

SEC. 497. COMPUTATION OF TIME.

Periods of time provided for in this subtitle shall be calculated in consecutive calendar days including the day or days on which the actions or events occur or are to occur for which the period of time is provided and including the day on which an event occurs or is to occur from which the period is to be calculated.

SEC. 498. SEPARABILITY.

If any clause, sentence, paragraph, or part of this subtitle shall, for any reason, be adjudged by a court of competent jurisdiction to be invalid or invalid as applied to a class of cases, such judgment shall not affect, impair, or invalidate the remainder thereof and of this subtitle, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 499. DEFICIENCY JUDGMENT.

(a) IN GENERAL.—If after deducting the disbursements provided for in section 493 of this subtitle, the price at which the security property is sold at a foreclosure sale is less than the unpaid balance of the debt secured by the security property, resulting in a deficiency, the Secretary may refer the matter to the Attorney General who may commence an action or actions against any or all debtors to recover the deficiency, unless specifically prohibited by the mortgage. The United States is also entitled to recover any amount authorized by section 3011 of title 28, United States Code, and costs of the action.

(b) LIMITATION.—Any action commenced to recover the deficiency must be brought within 6 years of the last sale of the security property.

TITLE V—RURAL HOUSING

SEC. 501. PROGRAM AUTHORIZATIONS.

(a) INSURANCE AND GUARANTEE AUTHORITY.—Section 513(a) of the Housing Act of 1949 (42 U.S.C. 1483(a)) is amended to read as follows:

"(a) INSURANCE AND GUARANTEE AUTHORITY.—

"(1) IN GENERAL.—The Secretary may, to the extent approved in appropriation Acts, insure and guarantee loans under this title during fiscal years 1995 and 1996, in aggregate amounts not to exceed $3,231,103,950 and $3,360,037,069, respectively, as follows:

"(A) For insured or guaranteed loans under section 502 on behalf of low-income borrowers receiving assistance under section 521(a)(1), $1,802,500,000 for fiscal year 1995 and $1,856,575,000 for fiscal year 1996.

"(B) For guaranteed loans under section 502(h) on behalf of low- and moderate-income borrowers, $772,500,000 for fiscal year 1995 and $795,675,000 for fiscal year 1996.

"(C) For loans under section 504, $36,050,000 for fiscal year 1995 and $37,131,500 for fiscal year 1996.

"(D) For insured loans under section 514, $18,053,950 for fiscal year 1995 and $18,595,569 for fiscal year 1996.

"(E) For insured loans under section 515, $600,000,000 for fiscal year 1995 and $650,000,000 for fiscal year 1996.

"(F) For loans under section 523(b)(1)(B), $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(G) For site loans under section 524, $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(2) LIMITATION ON USE.—Notwithstanding any other provision of law, insured or guaranteed loan authority in this title for any fiscal year shall not be transferred or used for any purpose not specified in this title.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 513(b) of the Housing Act of 1949 (42 U.S.C. 1483(b)) is amended to read as follows:

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996, and to remain available until expended, the following amounts:

"(1) For grants under section 502(c)(5)(C)(i), $10,000,000 for fiscal year 1995, and $10,000,000 for fiscal year 1996.

"(2) For grants under section 504, $31,000,000 for fiscal year 1995 and $31,930,000 for fiscal year 1996.

"(3) For purposes of section 509(c), $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(4) For project preparation grants under section 509(f)(6), $5,688,278 for fiscal year 1995 and $5,858,926 for fiscal year 1996.

"(5) In fiscal years 1995 and 1996, such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to—

"(A) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503; and

"(B) the interest due on a similar sum represented by notes or other obligations issued by the Secretary.

"(6) For grants for service coordinators under section 515(y), $1,073,260 for fiscal year 1995 and $1,105,458 for fiscal year 1996.

"(7) For financial assistance under section 516—

"(A) for low-rent housing and related facilities for domestic farm labor under subsections (a) through (j) of such section, $15,000,000 for fiscal year 1995 and $18,000,000 for fiscal year 1996; and

"(B) for housing for rural homeless and migrant farmworkers under subsection (k) of such section, $10,269,230 for fiscal year 1995 and $11,407,307 for fiscal year 1996.

"(8) For grants under section 523(f), $14,918,314 for fiscal year 1995 and $15,365,863 for fiscal year 1996.

"(9) For grants under section 533, $33,056,408 for fiscal year 1993 and $34,048,100 for fiscal year 1994.

"(10) For grants under section 538, $10,000,000 for fiscal year 1995, which shall remain available until the end of fiscal year 1997.

''(11) For assistance under section 539, $10,000,000 for fiscal year 1995 and $12,000,000 for fiscal year 1996.''.

(c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(c) of the Housing Act of 1949 (42 U.S.C. 1483(c)(1)) is amended by striking ''(c)'' and all that follows through the end of paragraph (1) and inserting the following:

''(c) RENTAL AND OPERATING ASSISTANCE.—(1) The Secretary, to the extent approved in appropriations Acts for fiscal years 1995 and 1996, may enter into rental assistance payment contracts under section 521(a)(2)(A) and contracts for operating assistance under section 521(a)(5), aggregating $454,079,620 for fiscal year 1995 and $467,702,009 for fiscal year 1996.''.

(d) SUPPLEMENTAL RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(d) of the Housing Act of 1949 (42 U.S.C. 1483(d)) is amended to read as follows:

''(d) SUPPLEMENTAL RENTAL ASSISTANCE CONTRACTS.—The Secretary, to the extent approved in appropriations Acts for fiscal years 1995 and 1996, may enter into 5-year supplemental rental assistance contracts under section 502(c)(5)(D) aggregating $13,070,160 for fiscal year 1995 and $13,462,265 for fiscal year 1996.''.

(e) RURAL HOUSING VOUCHER AUTHORITY.—Section 513(e) of the Housing Act of 1949 (42 U.S.C. 1483(e)) is amended to read as follows:

''(e) RURAL HOUSING VOUCHERS.—There are authorized to be appropriated for rural housing vouchers under section 542, $30,000,000 for fiscal year 1995 and $40,000,000 for fiscal year 1996.''.

(f) RENTAL HOUSING LOAN AUTHORITY.—Section 515(b) of the Housing Act of 1949 (42 U.S.C. 1485(b)) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

SEC. 502. ELIGIBILITY OF NATIVE AMERICANS FOR RURAL HOUSING PROGRAMS.

Section 501(b)(6) of the Housing Act of 1949 (42 U.S.C. 1471(b)(6)) is amended by adding at the end the following new sentence: ''In any case in which assistance made available under this title may be provided to a State or State agency or in which a State or State agency is eligible to participate in a program or activity under this title, such assistance may also be provided to Indian tribes and tribal agencies and Indian tribes and tribal agencies shall be eligible to participate, respectively.''.

SEC. 503. ESCROW FUND.

Section 501(e) of the Housing Act of 1949 (42 U.S.C. 1471(e)) is amended by striking the third and fourth sentences and inserting the following: ''The Secretary may establish in the Treasury of the United States an escrow fund for the deposit of such periodic payments. The Secretary may direct the Secretary of the Treasury to invest and reinvest amounts in the escrow fund in public debt securities with maturities suitable for the needs of the escrow fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. Any interest earned shall be credited to the escrow fund. The Secretary shall disburse amounts at the appropriate time or times for the purposes for which the amounts were escrowed in the fund. The interest rate to be paid on escrowed amounts shall be determined annually based on the interest earned less an amount not to exceed 1 percent which shall be used for expenses in carrying out the provisions of this title.''.

SEC. 504. SECTION 502 HOMEOWNERSHIP LOANS.

(a) REMOTE RURAL AREAS.—Section 502(f) of the Housing Act of 1949 (42 U.S.C. 1472(f)) is amended—

(1) by striking paragraph (1);

(2) by redesignating paragraph (2) as paragraph (1); and

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

"(2) SECURITY.—In making a loan under this section for housing located in a rural area that is a remote rural area (which shall include tribal allotted or Indian trust land) where the borrower resides or is employed, the Secretary shall consider the actual replacement cost of the property and structure for which the loan is made as adequate security for the loan required under subsection (b).".

(b) PERMANENT DEFERRED MORTGAGE PROGRAM.—Section 502(g) of the Housing Act of 1949 (42 U.S.C. 1472(g)) is amended to read as follows:

"(g) DEFERRED MORTGAGE PROGRAM.—With respect to families or persons otherwise eligible for assistance under subsection (d) but having incomes below the amount determined to qualify for a loan under this section, the Secretary may defer mortgage payments beyond the amount affordable at 1 percent interest, taking into consideration income, taxes and insurance. Deferred mortgage payments shall be converted to payment status when the ability of the borrower to repay improves.".

(c) REAMORTIZATION.—Section 505 of the Housing Act of 1949 (42 U.S.C. 1475) is amended—

(1) in the section heading, by inserting ", REAMORTIZATION," after "MORATORIUM";

(2) in subsection (a), by inserting before the last sentence the following: "The Secretary may not foreclose such a mortgage securing such a loan upon which a moratorium has been granted solely because the borrower does not have the ability to repay the loan. Upon the expiration of a moratorium, the Secretary shall enter into an agreement with the borrower providing to the borrower such assistance as the Secretary is authorized to provide under this title and may foreclose with respect to the loan only if the borrower fails to make 3 monthly payments required under such agreement.";

(3) by redesignating subsection (b) as subsection (c); and

(4) by inserting after subsection (a) the following new subsection:

"(b) REAMORTIZATION.—

"(1) AUTHORITY.—With respect to a loan made under section 502, after a moratorium under subsection (a) of this section for the loan or at any other time the Secretary considers appropriate, the Secretary may reamortize the outstanding indebtedness, including principal and interest, under the loan for

a period not to exceed 38 years from the date of the making of the loan, subject to the provisions of paragraph (2).

"(2) GRADUATED REPAYMENT AGREEMENT.—In reamortizing a loan pursuant to paragraph (1), the Secretary may lower the interest rate to the existing lending rate for loans under section 502 or establish a schedule of payments under the loan that provides, after the application of interest credit, for payments in an amount less than the amount of the payments originally provided for under the loan agreement for a period not exceeding that required to amortize the loan over its term, except that such period may not exceed 3 years.".

(d) ELIGIBILITY OF AREA.—Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended by adding at the end the following new subsection:

"(i) Notwithstanding section 520, the Secretary may make loans under this section for properties in the Pinewest Subdivision, located in Gibsonville, North Carolina, in the same manner as provided under this section for properties in rural areas.".

SEC. 505. LOAN GUARANTEES.

Section 502(h)(11) of the Housing Act of 1949 (42 U.S.C. 1472(h)(11)) is amended by adding at the end the

following new sentence: ''The Secretary may not pool or reallocate any authority to guarantee loans under this section that was allocated for use in any State before August 1 of the fiscal year in which such authority was allocated.''.

SEC. 506. PREPAYMENT OF RURAL RENTAL HOUSING LOANS.

(a) TECHNICAL ASSISTANCE GRANTS AND LOANS FOR NONPROFIT AND PUBLIC AGENCY PURCHASERS OF PREPAYMENT PROPERTIES.—Section 502(c)(5)(C)(i) of the Housing Act of 1949 (42 U.S.C. 1472(c)(5)(C)(i)) is amended to read as follows:

''(i) to the extent provided in appropriation Acts, make a grant or predevelopment loan in an amount not exceeding $50,000 to the nonprofit organization or public agency whose offer to purchase is accepted under this paragraph to cover reasonable costs, as determined by the Secretary and not including the purchase price, incurred by the organization or agency in purchasing and assuming responsibilities for the housing and related facilities involved, which may include costs for pursuing acquisition, appraisals, financing fees, accounting, administration, consultants, legal assistance, architectural assistance, engineering assistance, application fees, overhead, and other expenses;''.

(b) EQUITY TAKEOUT LOANS.—

(1) AUTHORITY AND LIMITATION.—Section 502(c)(4)(B)(iv) of the Housing Act of 1949 (42 U.S.C. 1472(c)(4)(B)(iv)) is amended by inserting before the period at the end the following: ''or under paragraphs (1) and (2) of section 514(j), except that an equity loan referred to in this clause may not be made available after the date of the enactment of the Housing and Community Development Act of 1994 unless the Secretary determines that the other incentives available under this subparagraph are not adequate to provide a fair return on the investment of the borrower, to prevent prepayment of the loan insured under section 514 or 515, or to prevent the displacement of tenants of the housing for which the loan was made''.

(2) APPROVAL OF ASSISTANCE.—Subparagraph (C) of section 502(c)(4) of the Housing Act of 1949 is amended by striking the matter preceding clause (i) and inserting the following:

''(C) APPROVAL OF ASSISTANCE.—The Secretary may approve assistance under subparagraph (B) for assisted housing only if the restrictive period has expired for any loan for the housing made or insured under section 514 or 515 pursuant to a contract entered into after December 21,

1979, but before the date of the enactment of the Department of Housing and Urban Development Reform Act of 1989, and the Secretary determines that the combination of assistance provided—".

(3) LOAN TERMS.—Section 514 of the Housing Act of 1949 (42 U.S.C. 1484) is amended by adding at the end the following new subsection:

"(j) EQUITY TAKEOUT LOANS FOR PRESERVATION OF LOW-INCOME HOUSING.—With respect to a loan insured under subsection (a), the Secretary may—

"(1) make or insure an equity loan in the form of a supplemental loan for the purpose of equity takeout to the owner of housing financed with a loan insured under this section pursuant to a contract entered into before December 15, 1989, for the purpose of extending the affordability of the housing for low-income families or persons and very low-income families or persons for not less than 20 years, except that such loan may not exceed 90 percent of the value of the equity in the project as determined by the Secretary;

"(2) transfer and reamortize an existing loan in connection with assistance provided under paragraph (1); and

''(3) make or insure a loan to enable a nonprofit organization or public agency to make a purchase described in section 502(c)(5).''.

(4) TECHNICAL CORRECTION RELATING TO SECTION 515 HOUSING.—Section 515(c)(1) of the Housing Act of 1949 (42 U.S.C. 1485(c)(1)) is amended by striking ''December 21, 1979'' and inserting ''December 15, 1989''.

(c) PHASE-IN OF RENT INCREASES.—Section 502(c)(4)(B)(vi) of the Housing Act of 1949 (42 U.S.C. 1472(c)(4)(B)(vi)) is amended by inserting before the period at the end the following: '', except that any such increase in rents for current tenants (except for increases made necessary by increases in operating costs) shall (I) be phased in equally over a period of not less than 3 years, if such increase is 30 percent or more, and (II) be limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent''.

(d) TREATMENT OF ACCELERATION UPON DEFAULT.—Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended—

(1) in subsection (b)(2), by inserting ''or any payment in the case of acceleration of the amount due under such a loan pursuant to any default,'' after ''515''; and

(2) in subsection (c)—

(A) in paragraph (1)(A), by inserting before the 1st comma the following: '', accept any payment tendered in the case of acceleration of the amount due pursuant to any default on''*;*

(B) in paragraph (1)(B), by inserting before the 1st comma the following: '', accept any payment tendered in the case of acceleration of the amount due pursuant to any default on''*;*

(C) in paragraph (2)—

(i) by inserting after ''prepaid'' the following: '', paid in full pursuant to acceleration of the amount due resulting from default,''*; and*

(ii) by inserting '', payment,'' after ''prepayment''*;*

(D) in paragraph (4)(A), by inserting after ''prepay,'' the following: ''accepting any payment tendered in the case of acceleration of the amount due pursuant to any default on,''; and*

(E) in paragraph (5)—

(i) in subparagraph (A)(ii), by inserting after ''prepay,'' the following: ''accept the payment tendered in the case of accel-

eration of the amount due pursuant to default on,'';

(ii) in the 1st sentence of subparagraph (F), by inserting after ''prepay,'' the following: ''accept payment tendered in the case of acceleration of the amount due pursuant to default on,'';

(iii) in the 2d sentence of subparagraph (F), by inserting after ''prepay,'' the following: ''payment tendered in the case of acceleration of the amount due pursuant to default,'';

(iv) in the last sentence of subparagraph (F), by striking ''offers to prepay,'' and inserting the following: ''such offers to prepay, payments in the case of acceleration of the amount due pursuant to default,''; and

(v) in the matter in subparagraph (G) that precedes clause (i), by inserting after ''prepay,'' the following: ''any payment tendered in the case of acceleration of the amount due pursuant to default on,''.

(e) TEST FOR ALLOWABLE PREPAYMENT.—Section 502(c)(5)(G)(ii) of the Housing Act of 1949 (42 U.S.C. 1472(c)(5)(G)(ii)) is amended to read as follows:

"(ii) the Secretary makes a written finding that—

"(I) prepayment, payment in the case of acceleration, or refinancing will not (a) materially increase economic hardship for current tenants, and (b) involuntarily displace current tenants (except for good cause), where comparable and affordable housing is not readily available at the time of displacement, determined without regard to the availability of Federal housing assistance that would address any such hardship or involuntary displacement; and

"(II) the supply of vacant, comparable housing is sufficient to ensure that such prepayment will not materially affect (a) the availability of decent, safe, and sanitary housing affordable to low-income and very low-income families or persons in the area that the housing could reasonably be expected to serve, (b) the ability of low-income and very low-income families or persons to find affordable, decent, safe, and sanitary housing near employment opportunities, or (c)

the housing opportunities of minorities in the community within which the housing is located.''.

SEC. 507. DESIGNATION OF UNDERSERVED AREAS AND RESERVATION OF ASSISTANCE.

(a) REAUTHORIZATION AND SET-ASIDE.—Section 509(f)(4) of the Housing Act of 1949 (42 U.S.C. 1479(f)(4)) is amended—

(1) in subparagraph (A)—

(A) in the first sentence—

(i) by striking ''5.0 percent in fiscal years 1993 and 1994'' and inserting ''not less than 5 percent or more than 10 percent for each of fiscal years 1995 and 1996''; and

(ii) by striking ''514, 515, and 524'' and inserting ''and 515''; and

(B) in the second sentence, by striking ''sections 514 and 515'' and inserting ''section 515''; and

(2) in subparagraph (B)(ii), by striking ''5 percent'' and inserting ''10 percent''.

(b) POVERTY LEVEL FOR DESIGNATION.—Section 509(f)(1) of the Housing Act of 1949 is amended—

(1) in subparagraph (A), by striking ''20 percent'' and inserting ''15 percent''; and

(2) in subparagraph (B), by striking ''10 percent'' and inserting ''5 percent''.

(c) POVERTY LEVEL FOR PREFERENCE.—Section 509(f)(2) of the Housing Act of 1949 is amended—

(1) in subparagraph (A), by striking ''28 percent'' and inserting ''20 percent''; and

(2) in subparagraph (B), by striking ''13 percent'' and inserting ''7 percent''.

(d) ADDITIONAL QUALIFICATION AS UNDERSERVED AREA.—Section 509(f)(1) of the Housing Act of 1949 is amended by inserting after subparagraph (B) the following new flush sentence:

''The Secretary may also designate a county or community as a targeted underserved area if the Secretary determines that the county or community has severe unmet housing needs, including needs caused by severe economic and social dislocation such as natural disasters, structural employment changes, or persistent poverty, or has experienced long-term population and job losses.''.

(e) GEOGRAPHICAL DIVERSITY.—Section 509(f)(1) of the Housing Act of 1949 is amended by adding at the end the following: ''In designating targeted underserved areas under this paragraph for any fiscal year, the Secretary may not designate more than 10 counties and communities lo-

cated in any single State or in the Commonwealth of Puerto Rico. If more than 10 counties and communities in any single State or the Commonwealth of Puerto Rico qualify under this paragraph for designation as an underserved area, the Secretary shall designate the counties and communities for which the sum of the percentages under subparagraphs (A) and (B) are the greatest.''.

(f) 2-YEAR AND 3-YEAR DESIGNATIONS.—Section 509(f) of the Housing Act of 1949 (42 U.S.C. 1479(f)) is amended—

(1) in paragraph (1)—

(A) in the 1st sentence, by striking ''in each fiscal year''; and

(B) in the 2d sentence, by striking ''year in'' and inserting ''first year for'';

(2) in paragraph (2)—

(A) in the first sentence, by striking ''paragraph (4)'' and inserting ''paragraph (5)''; and

(B) by striking the last sentence;

(3) in paragraph (3)(B), by striking ''paragraph (2)'' and inserting ''paragraph (3)'';

(4) in paragraph (4)(A), by striking ''paragraph (7)'' and inserting ''paragraph (8)'';

(5) by redesignating paragraphs (2) through (8) as paragraphs (3) through (9), respectively; and

(6) by inserting after paragraph (1) the following new paragraph:

"(2) TIMING AND DURATION OF DESIGNATIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall redesignate the targeted underserved areas under this subsection once every 2 fiscal years and such designations shall remain in effect for a period of 2 fiscal years. The first such 2-year designation shall be made for fiscal years 1995 and 1996.

"(B) DESIGNATIONS FOR INDIAN AREAS.—The Secretary shall ensure that, at all times, not less than 5 counties or communities that contain tribal allotted or Indian trust land are included among the 100 counties and communities designated as targeted underserved areas. The Secretary shall redesignate the counties or communities designated as a targeted underserved area in compliance with this subparagraph once every 3 fiscal years and such designations shall remain in effect for 3 fiscal years. The first such 3-year designation shall be made for fiscal years 1995 through 1997. Upon designation, the Secretary

shall specify any targeted underserved area designated in compliance with this subparagraph.''.

SEC. 508. ADMINISTRATIVE APPEALS.

(a) APPEALS.—Section 510(g) of the Housing Act of 1949 (42 U.S.C. 1480(g)) is amended—

(1) by inserting after ''termination and'' the following: '', in the case of any eviction not related to any drug-related or criminal activity, nonpayment of rent, or activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents,''; and

(2) by inserting after ''reverse the decision'' the following: ''and is mutually selected within a reasonable period of time by the person adversely affected by the reduction or termination of assistance and the person reducing or terminating assistance''.

(b) ATTORNEYS.—Section 510(d)(1) of the Housing Act of 1949 is amended—

(1) in the matter preceding subparagraph (A), by inserting ''or 515'' after ''502''; and

(2) in subparagraph (C)(ii), by inserting ''with respect to litigation under section 502,'' before ''representation''.

SEC. 509. SECTION 515 RURAL RENTAL HOUSING.

(a) LOAN TERM.—Section 515(a)(2) of the Housing Act of 1949 (42 U.S.C. 1485(a)(2)) is amended by inserting before the semicolon the following: ", except that the Secretary may also make loans for a period of up to 30 years from the making of the loan".

(b) DEVELOPMENT COST.—Section 515(e)(4) of the Housing Act of 1949 is amended by inserting "franchise fees," after "impact fees,".

(c) LIMITATION ON PROJECT TRANSFERS.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended by inserting after subsection (g) the following new subsection:

"(h) PROJECT TRANSFERS.—After the date of the enactment of the Housing and Community Development Act of 1994, any interest in the ownership of a project for which a loan is made or insured under this section may be transferred only if the Secretary determines that such transfer would be in the best interests of the tenants of the housing for which the loan was made or insured and of the Federal Government.".

(d) EQUITY LOANS.—Section 515(t) of the Housing Act of 1949 is amended—

(1) by striking paragraphs (4) and (5); and

(2) by redesignating paragraphs (6) through (8) as paragraphs (4) through (6), respectively.

(e) SET-ASIDE FOR NONPROFIT ENTITIES.—The first sentence of section 515(w)(1) of the Housing Act of 1949 (42 U.S.C. 1485(w)(1)) is amended by striking ''fiscal years 1993 and 1994'' and inserting ''fiscal years 1995 and 1996''.

(f) AUTHORITY FOR STREAMLINED MORTGAGE MODIFICATIONS.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended by adding at the end the following new subsection:

''(aa) MORTGAGE MODIFICATIONS.—

''(1) PURPOSE AND AUTHORITY.—In order to reduce the amount of debt service payments and operating costs of borrowers under loans made or insured under this section, reduce rents paid by residents of housing financed with such loans, and reduce the amount of rental assistance necessary for such housing, the Secretary may refinance the outstanding principal obligation of a loan made under this subsection in accordance with the provisions applicable (at the time of such refinancing) to loans made under this section that the Secretary determines are appropriate for purposes of this subsection and the terms and conditions of the original loan.

''(2) USE OF HOUSING.—Any terms of the original loan relating to use of the housing and related fa-

cilities for the purposes specified in this section shall continue to apply to the housing in the same manner as if the loan were not modified under this subsection.

"(3) TREATMENT OF MODIFIED MORTGAGE UNDER PREPAYMENT RESTRICTIONS.—Any loan modified under this subsection shall be considered a loan originally made under this section, for purposes of the limitations under subsection (c) on prepayment and refinancing under subsection (b)(3). For purposes of determining the financial status of the loan or the housing securing the loan, the Secretary may consider the terms of the refinancing.

"(4) TERMS.—The Secretary shall, by regulation, establish any requirements and conditions the Secretary considers appropriate to provide for refinancing under this subsection, including any limitations on term of the refinancing loan.

"(5) EXPEDITED PROCEDURE.—The Secretary shall establish an expedited procedure for providing refinancing under this subsection, which—

"(A) shall not require application under the same procedures applicable to loans made under subsection (a); and

"(B) shall take into consideration any information obtained by the Secretary in making

and servicing the loan under subsection (a) for which refinancing under this subsection is requested.''.

SEC. 510. OPTIONAL CONVERSION OF RENTAL ASSISTANCE PAYMENTS TO OPERATING SUBSIDY FOR MIGRANT FARMWORKER PROJECTS.

(a) IN GENERAL.—Section 521(a) of the Housing Act of 1949 (42 U.S.C. 1490a(a)) is amended by adding at the end the following new paragraph:

''(5) OPERATING ASSISTANCE FOR MIGRANT FARMWORKER PROJECTS.—

''(A) AUTHORITY.—In the case of housing (and related facilities) for migrant farmworkers provided or assisted with a loan under section 514 or a grant under section 516, the Secretary may, at the request of the owner of the project, use amounts provided for rental assistance payments under paragraph (2) to provide assistance for the costs of operating the project. Any project assisted under this paragraph may not receive rental assistance under paragraph (2).

''(B) AMOUNT.—In any fiscal year, the assistance provided under this paragraph for any project shall not exceed an amount equal to 90 percent of the operating costs for the project for the year, as deter-

mined by the Secretary. The amount of assistance to be provided for a project under this paragraph shall be an amount that makes units in the project available to migrant farmworkers in the area of the project at rates generally not exceeding 30 percent of the monthly adjusted incomes of such farmworkers, based on the prevailing incomes of such farmworkers in the area.

"(C) SUBMISSION OF INFORMATION.—The owner of a project assisted under this paragraph shall be required to provide to the Secretary, at least annually, a budget of operating expenses and estimated rental income, which the Secretary shall use to determine the amount of assistance for the project.

"(D) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

"(i) The term 'migrant farmworker' shall have the same meaning given the term in section 516(k)(7).

"(ii) The term 'operating cost' means expenses incurred in operating a project, including expenses for—

"(I) administration, maintenance, repair, and security of the project;

''(II) utilities, fuel, furnishings, and equipment for the project; and

''(III) maintaining adequate reserve funds for the project.''.

(b) CONFORMING AMENDMENTS.—Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended—

(1) in section 502—

(A) in subsection (c)(1)(A)(i), by striking ''or (a)(2)'' and inserting '', (a)(2), or (5)'';

(B) in subsection (c)(4)(B)(ii), by inserting before the period at the end the following: '', or additional assistance or an increase in assistance provided under section 521(a)(5)'';

(C) in subsection (c)(4)(B)(iii), by inserting before the period at the end the following: '', or current tenants of projects not assisted under section 521(a)(5)'';

(D) in subsection (c)(5)(C)(iii)—

(i) by striking the 2d comma; and

(ii) by inserting ''or any assistance payments received under section 521(a)(5),'' before ''with respect'';

(E) in subsection (c)(5)(D), by inserting before the period at the end the following: ''or, in the case of housing assisted under section

521(a)(5), does not exceed the rents established for the project under such section''; (2) in the second sentence of section 509(f)(5) (as redesignated by the preceding provisions of this title), by striking ''an amount of section 521 rental assistance'' and inserting '', from amounts available for assistance under paragraphs (2) and (5) of section 521(a), an amount''; (3) in section 513(c)(2)—

(A) in the matter preceding subparagraph (A), by inserting ''or contracts for operating assistance under section 521(a)(5)'' after ''521(a)(2)(A)'';

(B) in subparagraph (A), by inserting ''or operating assistance contracts'' after ''contracts'';

(C) in subparagraph (B), by striking ''rental'' each place it appears; and

(D) in subparagraph (C), by inserting ''or operating assistance contracts'' after ''contracts''; (4) in section 521(a)(2)(B)—

(A) by inserting ''or paragraph (5)'' after ''this paragraph''; and

(B) by striking ''which shall'' and all that follows through the period at the end and inserting the following: ''. The budget (and the income,

in the case of a project assisted under this paragraph) shall be used to determine the amount of the assistance for each project.'';

(5) in section 521(c), by striking ''subsection (a)(2)'' and inserting ''subsections (a)(2) and (a)(5)'';

(6) in section 521(e), by inserting after ''recipient'' the following: ''or any tenant in a project assisted under subsection (a)(5)''; and

(7) in section 530, by striking ''rental assistance payments with respect to such project under section 521(a)(2)(A)'' and inserting ''assistance payments with respect to such project under section 521(a)(2)(A) or 521(a)(5)''.

SEC. 511. DEFINITION OF RURAL AREA.

The last sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended by striking ''city of'' and inserting ''cities of South Tucson, Arizona, and''.

SEC. 512. ELIGIBILITY OF MANUFACTURED HOME PARKS FOR BUILDING SITE LOANS FOR COOPERATIVES.

The first sentence of section 524(a)(1) of the Housing Act of 1949 (42 U.S.C. 1490d(a)(1)) is amended by inserting before the period at the end the following: '', and for the acquisition and development of manufactured home

parks owned by nonprofit organizations for future ownership by low- and moderate-income residents of the park''.

SEC. 513. RURAL HOUSING ASSISTANCE TARGETING REPORT.

Section 532(a) of the Housing Act of 1949 (42 U.S.C. 1490l) is amended by adding at the end the following new flush material:

''The Secretary shall submit a report to the Congress for each fiscal year describing the geographical distribution of housing for which eligible loan applications for assistance under this title are submitted in such year and for which amounts are obligated in such year. The report shall describe the areas in which the housing to be assisted under the applications is located, the number of eligible applications received for housing in such areas, the number of eligible applications for housing in such areas that were approved and funded and the amounts of such funding, the extent of the rural character of such areas, and any actions taken by the Secretary to comply with the requirement under paragraph (3). The report for a fiscal year shall be submitted not later than 180 days after the conclusion of such fiscal year.''.

SEC. 514. PRIORITY FOR RURAL HOUSING VOUCHER ASSISTANCE.

Section 542 of the Housing Act of 1949 (42 U.S.C. 1490r) is amended by adding at the end the following new subsection:

''(c) PRIORITY.—

''(1) REQUIREMENT.—In providing assistance under this section, the Secretary shall give preference to providing assistance for rental housing that—

''(A) is financed or assisted with a loan, guarantee, insurance, or other assistance provided under this title; and

''(B)(i) has a significant number of units, as determined by the Secretary, that have been vacant for extended periods; or

''(ii) is occupied by a significant number of families, as determined by the Secretary, who pay as rent for a unit in the housing an amount exceeding 30 percent of the family's monthly adjusted income.

''(2) PROJECT-BASED ASSISTANCE.—To provide assistance according to the preference under paragraph (1), the Secretary may enter into contracts with owners of housing described in paragraph (1) to provide voucher assistance payments that are at-

tached to such housing on behalf of very low-income families who reside in such housing.''.

SEC. 515. NATIVE AMERICAN RURAL HOUSING CAPACITY DEMONSTRATION PROGRAM.

Title V of the Housing Act of 1949 is amended by inserting after section 537 (42 U.S.C. 1490p–1) the following new section:

''SEC. 538. RURAL HOUSING CAPACITY DEMONSTRATION PROGRAM FOR NATIVE AMERICANS AND ALASKAN NATIVES.

''(a) AUTHORITY.—The Secretary shall carry out a program under this section to demonstrate the effectiveness of assisting Native Americans and Alaskan Natives in underserved areas to apply for, obtain, and use housing assistance under this title.

''(b) GRANTS.—Under the demonstration under this section, the Secretary shall make grants to technical assistance providers selected under subsection (f) to carry out activities under subsection (c) with respect to tribes selected under subsection (e) (and members of the tribes) in the selected areas. Of the amounts provided to a technical assistance provider under a grant under this section, 40 percent shall be disbursed to the technical assistance provider in fiscal year 1995, 30 percent shall be so disbursed in fiscal

year 1996, and 30 percent shall be so disbursed in fiscal year 1997.

"(c) USE OF ASSISTANCE.—

"(1) ELIGIBLE ACTIVITIES.—Any amounts provided to a technical assistance provider under a grant under this section shall be used by the technical assistance provider only—

"(A) to train individuals for employment as local project coordinators under paragraph (2), which shall include training regarding the availability, application for, and use of housing assistance under this title with respect to tribes and members of tribes;

"(B) to provide ongoing technical assistance and training to local project coordinators;

"(C) to provide assistance to the tribes selected under subsection (e) in the selected areas, or to Native American or Alaskan Native housing organizations serving such tribes, to employ local project coordinators trained pursuant to subparagraph (A); and

"(D) to establish a revolving fund to provide loans to tribes and members of tribes for customary and reasonable costs incurred in preparing and submitting applications for housing

assistance under this title to be used in the selected areas (including costs of credit reports), except that not more than $1,500 may be provided for the purpose under this subparagraph to any single tribe or Native American or Alaskan Native housing organization.

"(2) LOCAL PROJECT COORDINATOR.—For purposes of this section, a local project coordinator shall be an individual who—

"(A) is employed by a tribe selected under subsection (e) in, or Native American or Alaskan Native housing organization serving, the selected area;

"(B) provides advice and assistance to the tribe or the tribes served by the organization (and members of such tribes), regarding the availability, application for, and use of housing assistance under this title;

"(C) otherwise facilitates the use of such assistance by the tribes and their members; and

"(D) assists the tribes and their members in obtaining loans from the revolving fund established under paragraph (1)(D).

"(d) TRIBAL CONTRIBUTIONS TO DEMONSTRATION PROGRAM.—Each tribe selected under subsection (e) for

participation in the demonstration program under this section shall enter into an agreement with the technical assistance provider to provide in-kind or financial assistance, in addition to amounts provided under this section, for activities under the demonstration program, in an amount determined by the tribe and the technical assistance provider. The assistance provided pursuant to such agreement may include assistance in the form of office space, equipment, transportation, salary enhancement, and fringe benefits, and other forms of assistance.

"(e) SELECTION OF TRIBES AND AREAS.—

"(1) ELIGIBILITY.—The Secretary shall provide for the technical assistance providers receiving grants under this section to select for participation in the demonstration under this section not more than a total of 15 tribes—

"(A) that are located in counties or communities—

"(i) that are eligible for designation as targeted underserved areas under section 509(f); or

"(ii) that include tribal allotted or Indian trust land; and

"(B) that—

"(i) have agreed to participate in the demonstration under this section by designating individuals for training as local project coordinators under subsection (c); or

"(ii) are located in a county or community within which is located a Native American or Alaskan Native housing organization that has so agreed to participate in the demonstration under this section.

"(2) CRITERIA FOR SELECTION.—Each technical assistance provider selecting tribes pursuant to paragraph (1) shall make such selections according to criteria that include—

"(A) the extent of substandard housing on the reservation of the tribe;

"(B) the extent of the waiting list for housing assistance under Federal housing programs in the community or community under paragraph (1)(A);

"(C) the extent of interest in and willingness to participate in the demonstration program under this section for a 3-year period; and

"(D) the extent of willingness to provide in-kind or financial assistance in addition to

amounts provided under this section for activities under the demonstration program.

"(3) TREATMENT AS TARGETED UNDERSERVED AREAS.—Notwithstanding the designation of counties and communities as targeted underserved areas under section 509(f)(1) and the provisions of section 520, any selected area under this section shall be considered a targeted underserved area for fiscal years 1995, 1996, and 1997, for purposes of eligibility for assistance with amounts reserved under section 509(f)(4)(A).

"(f) SELECTION OF TECHNICAL ASSISTANCE PROVIDERS.—

"(1) ELIGIBILITY.—The Secretary may make a grant under this section only to a nonprofit organization having experience in providing training and technical assistance regarding the use of housing assistance under this title and in administering revolving loan funds for costs relating to housing assistance programs under this title.

"(2) APPLICATION.—The Secretary shall provide for nonprofit organizations meeting the requirements under paragraph (1) to submit applications for a grant under this section during a period of not more

than 45 days that begins upon publication of the notice of funding availability under subsection (i).

"(3) SELECTION.—Not more than 30 days after expiration of such period, the Secretary shall select, to receive grants under this section, 1 or more nonprofit organizations submitting applications that are—

"(A) capable of carrying out the duties of technical assistance providers under this section;

"(B) knowledgeable and experienced regarding housing needs and issues of Native Americans and Alaskan Natives and housing assistance programs under this title; and

"(C) agree to comply with the provisions of this section.

"(g) REPORTS.—

"(1) LOCAL PROJECT COORDINATORS.—Each local project coordinator trained or assisted by a technical assistance provider with amounts from a grant under this section shall submit a report to the technical assistance provider for each of fiscal years 1995 through 1997, regarding the activities of the coordinator. The report shall be submitted not later than 30 days after the conclusion of the fiscal year for which the report is made.

"(2) TECHNICAL ASSISTANCE PROVIDERS.—Each technical assistance provider receiving a grant under this section shall submit a report to the Secretary for each of fiscal years 1995 through 1997, summarizing the information submitted under paragraph (1) for the fiscal year and describing the activities of the technical assistance provider under the demonstration under this section during the fiscal year. The report shall be submitted not later than 60 days after the conclusion of the fiscal year for which the report is made.

"(3) SECRETARY.—The Secretary shall submit a report to the Congress for each of fiscal years 1995 through 1997 describing the demonstration under this section and the findings of the Secretary as a result of the demonstration. The report shall be submitted not later than 90 days after the conclusion of the fiscal year for which the report is made.

"(h) DEFINITIONS.—For purposes of this section:

"(1) ALASKAN NATIVE VILLAGE.—The term 'Alaskan Native Village' has the same meaning given the term 'Native village' in section 3 of the Alaska Native Claims Settlement Act.

"(2) NATIVE AMERICAN OR ALASKAN NATIVE HOUSING ORGANIZATION.—The term 'Native Amer-

ican or Alaskan Native housing organization' means a nonprofit organization that primarily serves a tribe or tribes, and includes Indian housing authorities and other housing entities of a tribe.

"(3) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any private, nonprofit organization that—

"(A) is organized or chartered under State, tribal, or local laws;

"(B) has no part of its net earning inuring to the benefit of any member, founder, contributor, or individual;

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

"(D) through its articles of incorporation or through resolution of the governing body of a tribe, has among its purposes significant activities related to the provision of decent housing that is affordable to low- and moderate-income families.

"(4) SELECTED AREA.—The term 'selected area' means, with respect to any tribe selected under subsection (e), the county or community meeting the requirements of subsection (e)(1) in which the tribe selected is located.

"(5) TECHNICAL ASSISTANCE PROVIDER.—The term 'technical assistance provider' means a nonprofit organization (including a tribe and an Indian housing authority) that is selected under subsection (f) to receive a grant under this section.

"(6) TRIBE.—The term 'tribe' means any Indian tribe, band, group, or nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, that is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act or was considered an eligible recipient under chapter 67 of title 31, United States Code, prior to the repeal of such chapter.

"(i) NOTICE OF FUNDING AVAILABILITY.—

"(1) PUBLICATION.—The Secretary shall cause to be published in the Federal Register notice of the availability of any amounts made available for grants under this section. Such notice shall be published not later than the expiration of the 90-day period beginning on the date that amounts are appropriated to carry out this section.

"(2) CONTENTS.—The notice referred to in paragraph (1) shall—

"(A) describe the requirements for eligibility to receive a grant, the purposes of the grant, and the permissible uses of grant amounts;

"(B) contain an address to which requests for additional information regarding the demonstration under this section may be made; and

"(C) state the deadline established by the Secretary pursuant to subsection (f)(2) for the submission of applications for a grant.".

SEC. 516. RURAL COMMUNITY DEVELOPMENT INITIATIVE.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by inserting after section 538 (as added by the preceding provisions of this title) the following new section:

"SEC. 539. RURAL COMMUNITY DEVELOPMENT INITIATIVE.

"(a) IN GENERAL.—The Secretary is authorized to provide assistance to develop the capacity and ability of community development corporations, community housing development organizations, and other nonprofit organizations to undertake community development and affordable housing projects and programs in rural areas.

"(b) FORM OF ASSISTANCE.—Assistance under this section may be used for—

"(1) training, education, support, and advice to enhance the technical and administrative capabilities

of community development corporations, community housing development organizations, and nonprofit organizations in rural areas;

''(2) loans, grants, or predevelopment assistance to community development corporations, community housing development organizations, and nonprofit organizations to carry out community development and affordable housing activities that benefit low-income families in rural areas; and

''(3) such other activities for rural areas as may be determined by the Secretary.

''(c) MATCHING REQUIREMENT.—Assistance provided under this section shall be matched from private sources in an amount equal to 3 times the amount made available under this section.

''(d) IMPLEMENTATION.—The Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this section. The notice shall take effect upon issuance.''.

SEC. 517. LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by inserting after section 539 (as added by the preceding provision of this title) the following new section:

"SEC. 540. LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.

"(a) AUTHORITY.—The Secretary may make commitments to guarantee eligible loans for the development costs of eligible housing and related facilities, and may guarantee such eligible loans, in accordance with this section.

"(b) EXTENT OF GUARANTEE.—A guarantee made under this section shall guarantee repayment of an amount not exceeding 90 percent of the amount of the unpaid principal and interest of the loan for which the guarantee is made. The liability of the United States under any guarantee under this section shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation.

"(c) ELIGIBLE BORROWERS.—A loan guaranteed under this section may be made to a nonprofit organization, an agency or body of any State government or political subdivision thereof, or a private entity.

"(d) ELIGIBLE HOUSING.—A loan may be guaranteed under this section only if the loan is used for the development costs of housing and related facilities (as such terms are defined in section 515(e)) that—

"(1) consists of 5 or more adequate dwellings;

"(2) is available for occupancy only by low or moderate income families or persons, whose incomes at the time of initial occupancy do not exceed 115

percent of the median income of the area, as determined by the Secretary;

"(3) will remain available as provided in paragraph (2), according to such binding commitments as the Secretary may require, for the period of the original term of the loan guaranteed, unless the Secretary waives the applicability of such requirement for the loan only after determining, based on objective information, that—

"(A) there is no longer a need for low- and moderate-income housing in the market area in which the housing is located;

"(B) housing opportunities for low-income households and minorities will not be reduced as a result of the waiver; and

"(C) additional Federal assistance will not be necessary as a result of the waiver; and

"(4) is located in a rural area.

"(e) ELIGIBLE LENDERS.—

"(1) REQUIREMENT.—A loan may be guaranteed under this subsection only if the loan is made by a lender that the Secretary determines—

"(A) meets the qualifications, and has been approved by the Secretary of Housing and Urban Development, to make loans for multifam-

ily housing that are to be insured under the National Housing Act;

"(B) meets the qualifications, and has been approved by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, to make loans for multifamily housing that are to be sold to such corporations; or

"(C) meets any qualifications that the Secretary may, by regulation, establish for participation of lenders in the loan guarantee program under this section.

"(2) ELIGIBILITY LIST AND ANNUAL AUDIT.—The Secretary shall establish a list of eligible lenders and shall annually conduct an audit of each lender included in the list for purposes of determining whether such lender continues to be an eligible lender.

"(f) LOAN TERMS.—Each loan guaranteed pursuant to this subsection shall—

"(1) provide for complete amortization by periodic payments to be made for a term not to exceed 40 years;

"(2) involve a rate of interest agreed upon by the borrower and the lender that does not exceed the maximum allowable rate established by the Secretary for

purposes of this section and is fixed over the term of the loan;

"(3) involve a principal obligation (including initial service charges, appraisal, inspection, and other fees as the Secretary may approve) not to exceed—

"(A) in the case of a borrower that is a nonprofit organization or an agency or body of any State or local government, 97 percent of the development costs of the housing and related facilities or the value of the housing and facilities, whichever is less;

"(B) in the case of a borrower that is a for-profit entity not referred to in subparagraph (A), 90 percent of the development costs of the housing and related facilities or the value of the housing and facilities, whichever is less; and

"(C) in the case of any borrower, for such part of the property as may be attributable to dwelling use, the applicable maximum per unit dollar amount limitations under section 207(c) of the National Housing Act;

"(4) be secured by a first mortgage on the housing and related facilities for which the loan is made,

or otherwise, as the Secretary may determine necessary to ensure repayment of the obligation; and

"(5) for at least 20 percent of the loans made under this section, the Secretary shall provide the borrower with assistance in the form of credits pursuant to section 521(a)(1)(B) to the extent necessary to reduce the rate of interest under paragraph (2) to the applicable Federal rate, as such term is used in section 42(i)(2)(D) of the Internal Revenue Code of 1986.

"(g) GUARANTEE FEE.—At the time of issuance of a loan guaranteed under this section, the Secretary may collect from the lender a fee equal to not more than 1 percent of the principal obligation of the loan.

"(h) AUTHORITY FOR LENDERS TO ISSUE CERTIFICATES OF GUARANTEE.—The Secretary may authorize certain eligible lenders to determine whether a loan meets the requirements for guarantee under this section and, subject to the availability of authority to enter into guarantees under this section, execute a firm commitment for a guarantee binding upon the Secretary and issue a certificate of guarantee evidencing a guarantee, without review and approval by the Secretary of the specific loan. The Secretary may establish standards for approving eligible lenders for a delegation of authority under this subsection.

"(i) PAYMENT UNDER GUARANTEE.—

"(1) NOTICE OF DEFAULT.—In the event of default by the borrower on a loan guaranteed under this section, the holder of the guarantee certificate for the loan shall provide written notice of the default to the Secretary.

"(2) FORECLOSURE.—After receiving notice under paragraph (1) and providing written notice of action under this paragraph to the Secretary, the holder of the guarantee certificate for the loan may initiate foreclosure proceedings for the loan in a court of competent jurisdiction, in accordance with regulations issued by the Secretary, to obtain possession of the security property. After the court issues a final order authorizing foreclosure on the property, the holder of the certificate shall be entitled to payment by the Secretary under the guarantee (in the amount provided under subsection (b)) upon (A) conveyance to the Secretary of title to the security property, (B) submission to the Secretary of a claim for payment under the guarantee, and (C) assignment to the Secretary of all the claims of the holder of the guarantee against the borrower or others arising out of the loan transaction or foreclosure proceedings, except claims released with the consent of the Secretary.

"(3) ASSIGNMENT BY SECRETARY.—After receiving notice under paragraph (1), the Secretary may accept assignment of the loan if the Secretary determines that the assignment is in the best interests of the United States. Assignment of a loan under this paragraph shall include conveyance to the Secretary of title to the security property, assignment to the Secretary of all rights and interests arising under the loan, and assignment to the Secretary of all claims against the borrower or others arising out of the loan transaction. Upon assignment of a loan under this paragraph, the holder of a guarantee certificate for the loan shall be entitled to payment by the Secretary under the guarantee (in the amount provided under subsection (b)).

"(4) REQUIREMENTS.—Before any payment under a guarantee is made under paragraph (2) or (3), the holder of the guarantee certificate shall exhaust all reasonable possibilities of collection on the loan guaranteed. Upon payment, in whole or in part, to the holder, the note or judgment evidencing the debt shall be assigned to the United States and the holder shall have no further claim against the borrower or the United States. The Secretary shall then take such

action to collect as the Secretary determines appropriate.

"(j) VIOLATION OF GUARANTEE REQUIREMENTS BY LENDERS ISSUING GUARANTEES.—

"(1) INDEMNIFICATION.—If the Secretary determines that a loan guaranteed by an eligible lender pursuant to delegation of authority under subsection (h) was not originated in accordance with the requirements under this section and the Secretary pays a claim under the guarantee for the loan, the Secretary may require the eligible lender authorized under subsection (h) to issue the guarantee certificate for the loan—

"(A) to indemnify the Secretary for the loss, if the payment under the guarantee was made within a reasonable period specified by the Secretary; or

"(B) to indemnify the Secretary for the loss regardless of when payment under the guarantee was made, if the Secretary determines that fraud or misrepresentation was involved in connection with the origination of the loan.

"(2) TERMINATION OF AUTHORITY TO ISSUE GUARANTEES.—The Secretary may cancel a delegation of authority under subsection (h) to an eligible

lender if the Secretary determines that the lender has violated the requirements and procedures for guaranteed loans under this section or for other good cause. Any such cancellation shall be made by giving notice to the eligible lender and shall take effect upon receipt of the notice by the mortgagee or at a later date, as the Secretary may provide. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

''(k) REFINANCING.—Any loan guaranteed under this section may be refinanced and extended in accordance with terms and conditions that the Secretary shall prescribe, but in no event for an additional amount or term that exceeds the limitations under subsection (f).

''(l) NONASSUMPTION.—The borrower under a loan that is guaranteed under this section and under which any portion of the principal obligation or interest remains outstanding may not be relieved of liability with respect to the loan, notwithstanding the transfer of property for which the loan was made.

''(m) GEOGRAPHICAL TARGETING.—

''(1) STUDY.—The Secretary shall provide for an independent entity to conduct a study to determine the extent to which borrowers in the United States will utilize loan guarantees under this section, the

rural areas in the United States in which borrowers can best utilize and most need loans guaranteed under this section, and the rural areas in the United States in which housing of the type eligible for a loan guarantee under this section is most needed by low- and moderate-income families. The Secretary shall require the independent entity conducting the study to submit a report to the Secretary and to the Congress describing the results of the study not later than the expiration of the 90-day period beginning on the date of the enactment of the Housing and Community Development Act of 1994.

"(2) TARGETING.—In providing loan guarantees under this section, the Secretary shall establish standards to target and give priority to rural areas in which borrowers can best utilize and most need loans guaranteed under this section, as determined by the Secretary based on the results of the study under paragraph (1) and any other information the Secretary considers appropriate.

"(n) INAPPLICABILITY OF CREDIT-ELSEWHERE TEST.—Section 501(c) shall not apply to guarantees, or loans guaranteed, under this section.

"(o) TENANT PROTECTIONS.—The Secretary shall establish standards for the treatment of tenants of housing

developed using amounts from a loan guaranteed under this section, which shall incorporate, to the extent applicable, existing standards applicable to tenants of housing developed with loans made under section 515. Such standards shall include standards for fair housing and equal opportunity, lease and grievance procedures, and tenant appeals of adverse actions.

"(p) HOUSING STANDARDS.—The standards established under section 515(m) for housing and related facilities assisted under section 515 shall apply to housing and related facilities the development costs of which are financed in whole or in part with a loan guaranteed under this section.

"(q) LIMITATION ON COMMITMENTS TO GUARANTEE LOANS.—

"(1) REQUIREMENT OF APPROPRIATIONS.—The authority of the Secretary to enter into commitments to guarantee loans under this section, and to guarantee loans, shall be effective for any fiscal year only to the extent or in such amounts as are or have been provided in appropriations Acts for such fiscal year.

"(2) LIMITATION ON PROJECTS AND OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Subject to the limitation in paragraph (1), the Secretary may enter into commitments to guarantee loans under this sec-

tion for not more than 25 housing projects in each of fiscal years 1995 and 1996, having an aggregate outstanding principal amount not exceeding $50,000,000 in each of such fiscal years.

"(r) REPORT.—

"(1) IN GENERAL.—The Secretary shall submit a report to the Congress, not later than the expiration of the 2-year period beginning on the date of the enactment of the Housing and Community Development Act of 1994, describing the program under this section for guaranteeing loans.

"(2) CONTENTS.—The report shall—

"(A) describe the types of borrowers providing housing with loans guaranteed under this section, the areas served by the housing provided and the geographical distribution of the housing, the levels of income of the residents of the housing, the number of dwelling units provided, the extent to which borrowers under such loans have obtained other financial assistance for development costs of housing provided with the loans, and the extent to which borrowers under such loans have used low-income housing tax credits provided under section 42 of the Internal Reve-

nue Code of 1986 in connection with the housing provided with the loans;

"(B) analyze the financial viability of the housing provided with loans guaranteed under this section and the need for project-based rental assistance for such housing;

"(C) include any recommendations of the Secretary for expanding or improving the program under this section for guaranteeing loans; and

"(D) include any other information regarding the program for guaranteeing loans under this section that the Secretary considers appropriate.

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

"(1) The term 'development cost' has the meaning given the term in section 515(e).

"(2) The term 'eligible lender' means a lender determined by the Secretary to meet the requirements of subparagraph (A), (B), (C), or (D) of subsection (e)(1).

"(3) The terms 'housing' and 'related facilities' have the meanings given such terms in section 515(e).

"(t) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996 such sums as may be necessary for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section.

"(u) TERMINATION DATE.—A loan may not be guaranteed under this section after September 30, 1996.".

SEC. 518. RURAL HOUSING LOAN DELEGATED PROCESSING DEMONSTRATION.

(a) AUTHORITY.—Not later than the expiration of the 180-day period beginning on the date of enactment of this Act, the Secretary of Agriculture shall implement a system for making, processing, and servicing loans under section 502 of the Housing Act of 1949 that delegates such functions to nonprofit organizations approved by the Secretary of Agriculture. Under the system, the Secretary shall retain the authority to approve loan amounts and interest credit agreements and to execute binding loan commitments and credit agreements.

(b) USE IN TARGETED UNDERSERVED AREAS.—The Secretary of Agriculture shall carry out the delegated processing system under subsection (a) only with respect to loans for housing located in, and amounts reserved for use in, areas for which a designation under section 509(f) is in effect.

(c) REPORT.—The Secretary of Agriculture shall submit an interim report to the Congress not later than 12 months after the date of the initial implementation of the delegated processing system under this section describing the activities taken under the system and evaluating the effectiveness of the system.

(d) TERMINATION OF AUTHORITY.—The Secretary of Agriculture may not carry out the delegated processing system under this section after September 30, 1996.

TITLE VI—COMMUNITY DEVELOPMENT

Subtitle A—Community Development Block Grant Program

SEC. 601. AUTHORIZATION OF APPROPRIATIONS AND GUARANTEE AUTHORITY.

(a) COMMUNITY DEVELOPMENT BLOCK GRANTS.—The second sentence of section 103 of the Housing and Community Development Act of 1974 (42 U.S.C. 5303) is amended to read as follows: ''For purposes of assistance under section 106, there are authorized to be appropriated $4,400,000,000 for fiscal year 1995 and $4,500,000,000 for fiscal year 1996.''.

(b) LIMITATION ON LOAN GUARANTEES.—The fifth sentence of section 108(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(a)) is amended

to read as follows: ''Notwithstanding any other provision of law and subject only to the absence of qualified applicants or proposed activities and to the authority provided in this section, to the extent approved or provided in appropriation Acts, the Secretary shall enter into commitments to guarantee notes and obligations under this section with an aggregate principal amount of $2,054,000,000 for fiscal year 1995 and $2,054,000,000 for fiscal year 1996.''.

(c) SPECIAL PURPOSE GRANTS.—Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. 5307) is amended—

(1) by striking ''SEC. 107'' and all that follows through the end of paragraph (1) of subsection (a) and inserting the following:

''SEC. 107. (a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated for each of fiscal years 1995 and 1996, $60,000,000, for grants under subsection (b). Of such amounts—

''(A) $7,000,000 shall be available in each such year for grants under subsection (b)(1);

''(B) such sums as may be necessary shall be available in each such year for grants under subsection (b)(2);

"(C) $7,000,000 shall be available in each such year for grants under subsection (b)(3);

"(D) $28,000,000 shall be available in each such year for grants under subsection (b)(4);

"(E) $6,000,000 shall be available in each such year for grants under subsection (b)(5);

"(F) $2,000,000 shall be available in each such year for grants under subsection (b)(6);

"(G) $8,000,000 shall be available in each such year for grants under subsection (b)(7);

"(H) such sums as may be necessary shall be available in each such year for grants under subsection (b)(8);

"(I) $3,000,000 shall be available in each such year for grants under subsection (c); and

"(J) such sums as may be necessary shall be available in fiscal year 1995 for a grant to the City of Bridgeport, Connecticut, subject to binding commitments made by the City of Bridgeport and the State of Connecticut that the amount made available pursuant to this subparagraph will be supplemented with an additional amount equal to such amount under this subparagraph, which shall be provided by the city and the State in equal amounts."; and

(2) in subsection (b)—

(A) in paragraph (6), by striking ''and'' at the end;

(B) in paragraph (7), by striking the period at the end and inserting a semicolon; and

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

''(8) to 10 metropolitan cities and urban counties that receive grants under section 106, have high rates of fire incidents, a substantial number of low-income residents, and a high rate of death and serious injury caused by fire among youth, elderly, and minorities, for obtaining a nitrogen enhanced, biodegradable, noncorrosive fire suppression liquid and for training firefighters to use such liquid; and in any year in which grants are made under this paragraph, the Secretary shall include in the report required under section 113 a description of the effectiveness of grants made under this paragraph in preventing loss of life and property; and''.

SEC. 602. MANAGEMENT INFORMATION SYSTEMS.

Section 103 of the Housing and Community Development Act of 1974 (42 U.S.C 5303) is amended—

(1) by inserting ''(a) IN GENERAL.—'' after ''103.''; and

(2) by adding at the end the following new subsection:

''(b) RESERVATION FOR MANAGEMENT INFORMATION SYSTEMS.—Of the amount approved in an appropriation Act for each of fiscal years 1995 and 1996 under this section, the Secretary may reserve not more than 0.5 percent for improving management information systems used by the Secretary and recipients under this title.''.

SEC. 603. ELIGIBLE ACTIVITIES.

(a) RECONSTRUCTION ACTIVITIES AND REMOVAL OF TOXIC MATERIALS.—Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

(1) in paragraph (4), by striking '', demolition, removal,'' and inserting ''(including the removal of toxic materials and other contaminants from properties), demolition, removal, reconstruction,'';

(2) in paragraph (8), by striking ''fiscal year 1994'' and inserting ''fiscal years 1994, 1995, and 1996'';

(3) in paragraph (13), by striking ''and'' at the end;

(4) by striking paragraph (19);

(5) in paragraph (24), by striking ''and'' at the end;

(6) in paragraph (25), by striking the period at the end and inserting "; and";

(7) by redesignating paragraphs (20) through (25) as paragraphs (19) through (24), respectively; and

(8) by redesignating paragraph (21) (as added by section 1012(f)(3) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3905) as paragraph (25).

(b) HOMEOWNERSHIP ACTIVITIES.—Section 907(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5305 note) is hereby repealed.

SEC. 604. REALLOCATIONS.

Section 106(c) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(c)) is amended by striking paragraph (4).

SEC. 605. LIMITATION ON EXTENT OF USE OF LOAN GUARANTEES FOR HOUSING PURPOSES.

Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) is amended by inserting after subsection (h) the following new subsection:

"(i) LIMITATION ON USE.—Of any amounts obtained from notes or other obligations issued by an eligible public entity or public agency designated by an eligible public entity and guaranteed under this section pursuant to an ap-

plication for a guarantee submitted after the date of the enactment of the Housing and Community Development Act of 1992, the aggregate amount used for the purposes described in clauses (2) and (4) of subsection (a), and for other housing activities under the purposes described in clauses (1) and (3) of subsection (a), may not exceed 10 percent of such amounts obtained by the eligible public entity or agency.''.

SEC. 606. ECONOMIC DEVELOPMENT GRANTS.

(a) ELIGIBLE ACTIVITIES.—Section 108(q)(2) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(q)(2)) is amended by inserting before the period at the end the following: ''and for the construction, rehabilitation, or financing of retail and service facilities, mixed-use projects, projects that link economic development and housing, community centers, farmers' markets, and community-based business expansions''.

(b) ELIGIBLE PUBLIC ENTITIES.—Section 108(q)(1) of the Housing and Community Development Act of 1974 is amended by inserting after ''eligible public entities'' the following: '', and to eligible public entities in conjunction with community- or neighborhood-based organizations,''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 108(q) of the Housing and Community Development Act

of 1974 is amended by adding at the end the following new paragraph:

''(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this subsection $100,000,000 for fiscal year 1995 and $100,000,000 for fiscal year 1996.''.

SEC. 607. USE OF UDAG RECAPTURES.

Section 119(o) of the Housing and Community Development Act of 1974 (42 U.S.C. 5318(o)) is amended by striking ''October 1, 1993'' and inserting in lieu thereof ''April 11, 1994''.

SEC. 608. EXTENSION OF CERTAIN CDBG ASSISTANCE.

(a) EXTENSION.—Section 916(f) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5306 note) is amended by striking ''1991'' and all that follows through ''1994'' and inserting ''beginning before the commencement of fiscal year 1998''.

(b) ELIGIBILITY.—Section 916(e)(4) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5306 note) is amended by inserting ''other than Riverside County, California,'' after ''area''.

Subtitle B—Other Community Development Programs

SEC. 631. NEIGHBORHOOD REINVESTMENT CORPORATION.

The first sentence of section 608(a)(1) of the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8107(a)) is amended to read as follows: ''There are authorized to be appropriated to the corporation to carry out this title $35,000,000 for fiscal year 1995 and $35,000,000 for fiscal year 1996.''.

SEC. 632. JOHN HEINZ NEIGHBORHOOD DEVELOPMENT PROGRAM.

Section 123(g) of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 5318 note) is amended to read as follows:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1995 and $10,000,000 for fiscal year 1996.''.

SEC. 633. CAPACITY BUILDING FOR COMMUNITY DEVELOPMENT AND AFFORDABLE HOUSING.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note) is amended by striking subsection (e) and inserting the following new subsection:

''(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $60,000,000 for fiscal year 1995 and $60,000,000 for fiscal year 1996.''.

(b) DELIVERY OF ASSISTANCE.—Section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note) is amended—

(1) in subsection (a)—

(A) by inserting ''and directly to community-based organizations and capacity-building organizations'' after ''Initiative'';

(B) by inserting ''neighborhood'' after ''undertake''; and

(C) by striking ''and affordable housing'' and inserting '', affordable housing, revitalization, economic development, youth and family support, and community service'';

(2) in subsection (b)—

(A) in paragraph (1), by striking ''and community housing development organizations'' and inserting '', community housing development organizations, and community-based organizations'' before the semicolon at the end;

(B) in paragraph (2)—

(i) by striking ''and community housing development organizations'' and inserting '', community housing development organizations, and community-based organizations'';

(ii) by inserting ''neighborhood'' after ''carry out''; and

(iii) by striking ''low-income'' and inserting ''low- and moderate-income''; and

(C) in paragraph (3), by inserting ''or the community-based organization'' after ''Initiative'';

(3) in subsection (c), by inserting ''to the National Community Development Initiative'' after ''provided'';

(4) by redesignating subsection (d) as subsection (e); and

(5) by inserting after subsection (c) the following new subsection:

''(d) SELECTION CRITERIA.—The Secretary shall select community-based organizations and capacity-building organizations to receive assistance under this section based upon selection criteria established by the Secretary, which shall include the extent to which the activities proposed to

be conducted by the organization with assistance under this section will—

"(1) develop new community-based organizations in unorganized or underserved areas;

"(2) assist eligible private nonprofit community-based organizations located in low- or moderate-income neighborhoods or areas having a concentration of low- and moderate-income persons;

"(3) be targeted to areas in economic distress;

"(4) be conducted by an organization that provides for neighborhood resident participation in the activities of the organization (including participation of low- and moderate-income residents) and the extent to which the households and businesses in the area served are members of the organization;

"(5) benefit low- and moderate-income persons residing in the area served by the applicant;

"(6) encourage linking and coordinating housing, economic, and human development;

"(7) be coordinated with local law enforcement agencies, local public housing agencies, and local public housing resident management corporations and resident councils, with respect to anti crime initiatives; and

"(8) leverage contributions to support a wide variety of community development initiatives from the private sector, foundations, colleges and universities, civic groups, social, cultural, religious, and other institutions, and the national service program, in a manner that achieves the greatest long-term private sector support.".

SEC. 634. COLONIAS ASSISTANCE PROGRAM.

(a) GRANT AUTHORITY.—The Secretary may make grants in accordance with the provisions of this section to units of general local government, States, non-profit organizations, or entities or instrumentalities established under the authority of any of such entities, for use in addressing the community development and housing needs of colonias.

(b) ELIGIBLE ACTIVITIES.—Assistance under this section may be used only to carry out the following activities:

(1) Any activity eligible under section 105 of the Housing and Community Development Act of 1974 or section 212(a) of the HOME Investment Partnerships Act.

(2) Refinancing the existing debt of homeowners to convert existing land transactions and interests into mortgages.

(3) Constructing new housing, including self-help, energy-efficient, and innovative housing design initiatives.

(4) Developing new subdivisions for affordable housing.

(5) Re-platting and redeveloping existing subdivisions.

(6) Planning for and constructing infrastructure necessary for the development of housing, economic development, and community facilities and amenities.

(7) Such other activities as the Secretary deems appropriate to further the purposes of this section.

(c) MODEL PROGRAMS.—

(1) IN GENERAL.—Of amounts allocated under subsection (j)(2), the Secretary shall make grants under this subsection to the entities referred to in subsection (a) for the purpose of establishing model programs of assistance for addressing the community development, housing, and other needs of the residents of the colonias.

(d) SELECTION OF GRANTEES.—

(1) GEOGRAPHIC DISTRIBUTION.—The Secretary shall designate—

(A) at least one project in each State to receive a grant under this subsection; and

(B) at least one project within a metropolitan area in any State to receive a grant under this subsection.

(2) SELECTION PROCESS.—The Secretary shall select grantees under this subsection on a non-competitive basis, through negotiation with the grantee.

(3) SELECTION CRITERIA.—In selecting projects for grants under this subsection, the Secretary shall consider—

(A) the extent of need in the colonia;

(B) the likely effectiveness of the proposed approach in addressing identified needs;

(C) the extent to which funding for the project is committed from sources other than under this section;

(D) the need to consider a variety of solutions to a variety of needs situations; and

(E) such other factors as the Secretary deems appropriate to carry out the objectives of this section.

(e) COMPETITIVE GRANTS.—

(1) PURPOSE.—Grants under this subsection shall be made, in accordance with paragraph (2), to the entities referred to in subsection (a) for the purpose of assisting the community development and

housing needs of the residents of one or more colonias in an area or region.

(2) RESERVATION OF FUNDS.—Of amounts allocated under subsection (j)(2), the Secretary shall reserve a target amount for grants under this subsection for use in colonias in each State. The Secretary shall determine the amount be reserved based on such objective factors of need as the Secretary deems appropriate, which may include rates of poverty in, and the population of, colonias. The Secretary shall reallocate any amounts set-aside under this paragraph for which the Secretary determines there will not be sufficient approvable applications in a fiscal year.

(3) USE OF FUNDS.—Any amount not reserved or reallocated under paragraph (2) may be used in colonias in any State.

(4) APPLICATIONS.—Applications for grants under this subsection shall be submitted at such time and in accordance with such procedures, as the Secretary shall prescribe. Applications shall contain the following information, which the Secretary shall consider in selecting projects for grants under this subsection:

(A) The extent of need in the colonia.

(B) An estimate of the likely effectiveness of the proposed approach in addressing identified needs.

(C) A description of the extent to which funding for the project is committed from sources other than under this section.

(D) Any other information that the Secretary deems appropriate to carry out the objectives of this section.

(5) SELECTION OF GRANTEES.—The Secretary shall select grantees for grants under this subsection on the basis of a competition, following publication of a notice of funding availability in the Federal Register.

(f) RECORDS, REPORTS, AND AUDITS.—

(1) KEEPING OF RECORDS.—Each grantee under this section shall keep such records as may be reasonably necessary to disclose the amounts and the disposition of grant amounts received under this section and to ensure compliance with the requirements of this section.

(2) GRANTEE REPORTS.—Each grantee under this section shall submit to the Secretary a report, or series of reports, in a form and at a time specified by the Secretary. Each report shall—

(A) describe the use of funds made available to the grantee under this section; and

(B) describe and analyze the effect of assisted activities in addressing the community development and housing needs of the residents of colonias.

(g) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of a grantee that are pertinent to assistance received in connection with, and the requirements of, this section.

(h) 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 of a grantee that are pertinent to assistance received under, and the requirements of, this section.

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

(1) The terms ''colonia'' and ''United States-Mexico Border Region'' have the meanings given the terms in section 916(e) of the Cranston-Gonzalez National Affordable Housing Act.

(2) The term ''metropolitan area'' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

(3) The term ''nonprofit organization'' means—

(A) an organization—

(i) that is described in section 501(c) of the Internal Revenue Code of 1986; and

(ii) is exempt from taxation under section 501(a) of such Code; or

(B) an organization—

(i) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

(ii) that in the case of a private nonprofit organization, has a voluntary board;

(iii) that has an accounting system, or has designated a fiscal agent in accordance with requirements established by the Secretary; and

(iv) that practices nondiscrimination in the provision of assistance.

(4) The term ''Secretary'' means the Secretary of Housing and Urban Development.

(5) The term ''State'' means the States of California, Arizona, New Mexico, and Texas.

(6) The term ''unit of general local government'' means—

(A) a city, town, township, county, parish, village, or other general purpose political subdivision of a State; and

(B) any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this section.

The term includes a consortium of geographically contiguous units of general local government, if the Secretary determines that the consortium—

(i) has sufficient authority and administrative capability to carry out the purposes of this section on behalf of its member jurisdictions; and

(ii) meets such other requirements as the Secretary may prescribe.

(j) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section $100,000,000 for each of fiscal years 1995 and 1996. Any amount appropriated to carry out this section shall remain available until expended.

(2) ALLOCATION OF FUNDS.—Of the amounts appropriated under paragraph (1) for any fiscal year—

(A) 80 percent shall be available for grants to establish model programs under subsection (c); and

(B) 20 percent shall be available for competitive grants under subsection (e).

SEC. 635. GRANTS FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.

(a) GRANT AUTHORITY.—The Secretary of Housing and Urban Development may make grants to units of general local government in which empowerment zones and enterprise communities have been designated pursuant to section 1391 of the Internal Revenue Code of 1986.

(b) USE.—Grants under this section may be used only to assist units of general local government in implementing the strategic plan for community revitalization required for each designated empowerment zone and enterprise community by expanding business opportunities and job creation through economic development activities and by stimulating the use of project-based rental assistance certificates and other activities to construct or rehabilitate rental housing, as follows:

(1) ECONOMIC DEVELOPMENT ACTIVITIES.—Grants amounts under this section used for economic

development activities may be used only for activities eligible to be carried out with amounts provided under title I of the Housing and Community Development Act of 1974.

(2) ASSISTED HOUSING.—Grant amounts under this section used for housing activities may be used for—

(A) project-based assistance activities eligible under section 8 of the United States Housing Act of 1937 or similar State and local programs;

(B) activities eligible for assistance under title II of the Cranston-Gonzalez National Affordable Housing Act or a similar local affordable housing program; and

(C) other housing activities that meet the requirements of this subsection, as the Secretary may approve.

(c) TECHNICAL ASSISTANCE.—From amounts reserved under subsection (i)(2), the Secretary shall carry out, directly or through contracts, training and information activities in connection with the program under this section.

(d) APPLICATIONS.—A locality in which an empowerment zone or enterprise community has been designated, which designation remains in effect, may submit an application to the Secretary for a grant under this sec-

tion. The application shall contain such information and certifications as the Secretary may require, including a certification that the grant will be used in accordance with the approved strategic plan. Where a zone or community is within the jurisdiction of more than one unit of general local government, the application shall be submitted jointly by the units of general local government and shall specify whether and, if so, how the grant is to be divided among the units.

(e) FUNDING.—To the extent amounts are available to carry out this section, for applications approved by the Secretary the amount of a grant under this section for a fiscal year shall be —

(1) $50,000,000 for each urban empowerment zone;

(2) $20,000,000 for each rural empowerment zone; and

(3) $1,400,000 for each enterprise community.

(f) TERMS AND CONDITIONS.—Grants made under this section shall be subject to such terms and conditions as the Secretary may establish.

(g) USE IN CONJUNCTION WITH LOAN GUARANTEES.—Grants made under this section may be used in conjunction with loans guaranteed under section 108 of the

Housing and Community Development Act of 1974 and the Home Investment Partnerships Act.

(h) RECORDS, REPORTS, AND AUDITS.—

(1) KEEPING OF RECORDS.—Each grantee under this section shall keep such records as may be reasonably necessary to disclose the amounts and the disposition of grant amounts received under this subtitle and to ensure compliance with the requirements of this section.

(2) GRANTEE REPORTS.—Each grantee under this section shall submit to the Secretary a report, or series of reports, in a form and at a time specified by the Secretary. Each report shall—

(A) describe the use of amounts made available under this section; and

(B) describe and analyze the effect of assisted activities in addressing the objectives of this section.

(3) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of the grantee that are pertinent to assistance received in connection with, and the requirements of, this section.

(4) 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 of the grantee that are pertinent to assistance received under, and the requirements of, this section.

(i) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of this section $250,000,000 for fiscal year 1995 and $250,000,000 for fiscal year 1996. Any amount appropriated to carry out this section shall remain available until expended.

(2) RESERVATION OF AMOUNTS FOR TRAINING AND INFORMATION ACTIVITIES.—Of the amounts appropriated pursuant to paragraph (1) for any fiscal year, the Secretary shall reserve not more than 0.5 percent for use only to carry out the training and information activities referred to in subsection (c).

SEC. 636. USE OF GRANT AMOUNTS.

(a) BUFFALO, NEW YORK.—Notwithstanding any other provision of law, the City of Buffalo, New York, may retain amounts provided under an urban development ac-

tion grant under section 119 of the Housing and Community Development Act of 1974 for Project No. B–87–AA–36–0540 and use such funds for the Towne Gardens Plaza project, and may retain amounts provided under such a grant for Project No. B–87–AA–36–0521 and use such funds for the American Axle project, if such projects are commenced not later than 6 months after the date of the enactment of this Act.

(b) PITTSBURGH, PENNSYLVANIA.—Notwithstanding any other provision of law, the city of Pittsburgh, Pennsylvania, may retain any amounts provided under an urban development action grant for Project No. B–86–AA–42–0275 and use such funds for the Central Pittsburgh Plaza project, if such project is commenced not later than 6 months after the date of the enactment of this Act.

(c) RICHMOND, VIRGINIA.—The Secretary of Housing and Urban Development shall cancel the indebtedness of the city of Richmond, Virginia, relating to the categorical program settlement grant provided to the city to settle four urban renewal programs (Project No. B–78–UR–51–0019). The city of Richmond, Virginia, is hereby relieved of all liability to the Federal Government for such grant and any fees and charges payable in connection with such grant.

(d) LOCKPORT TOWNSHIP, ILLINOIS.—The Secretary of Housing and Urban Development shall cancel the indebt-

edness of Lockport Township, Illinois, relating to the public facilities loan for Project No. ILL–11–PFL0112. Lockport Township, Illinois, is hereby relieved of all liability to the Federal Government for the outstanding principal balance on such loan, the amount of accrued interest on such loan, and any other fees and charges payable in connection with such loan.

(e) BUDGET COMPLIANCE.—Subsections (c) and (d) of this section shall be effective only to the extent, or in such amounts, as are provided in appropriation Acts.

TITLE VII—REGULATORY AND MISCELLANEOUS PROGRAMS

SEC. 701. FAIR HOUSING INITIATIVES PROGRAM.

Section 561(g) of the Housing and Community Development Act of 1987 (42 U.S.C. 3616 note) is amended to read as follows:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section $26,000,000 for fiscal year 1995 and $27,000,000 for fiscal year 1996, of which—

"(1) not less than $9,000,000 for fiscal year 1995 and $9,000,000 for fiscal year 1996 shall be for private enforcement initiatives authorized under subsection (b), divided equally between activities speci-

fied under subsection (b)(1) and those specified under subsection (b)(2);

''(2) not less than $3,000,000 for fiscal year 1995 and $3,000,000 for fiscal year 1996 shall be for qualified fair housing enforcement organizations authorized under subsection (c)(1);

''(3) not less than $7,000,000 for fiscal year 1995 and $7,000,000 for fiscal year 1996 shall be for the creation of new fair housing enforcement organizations authorized under subsection (c)(2); and

''(4) not less than $7,000,000 for fiscal year 1995 and $7,000,000 for fiscal year 1996 shall be for education and outreach programs authorized under subsection (d), to be divided equally between activities specified under subsection (d)(1) and those specified under subsections (d)(2) and (d)(3).

Any amount appropriated under this section shall remain available until expended.''.

SEC. 702. HUD PROGRAM MONITORING AND EVALUATION.

The first sentence of section 7(r)(6) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(r)(6)) is amended to read as follows: ''There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal years 1995 and 1996.''.

SEC. 703. HUD SALARIES AND EXPENSES.

Section 7(s) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(s)) is amended to read as follows:

''(s) AUTHORIZATION OF APPROPRIATIONS FOR SALARIES AND EXPENSES.—Notwithstanding any other provision of law, there are authorized to be appropriated such sums as may be necessary for each of fiscal years 1995 and 1996 for salaries and expenses to carry out the purposes of this section. There is also authorized to be appropriated for fiscal year 1996, $40,000,000, for the training, travel to training, continuing education, professional development, and improvement of skills of employees of the Department.''.

SEC. 704. USE OF TECHNICAL ASSISTANCE AMOUNTS BY OR FOR HUD STAFF.

Section 7 of the Department of Housing and Urban Development Act (42 U.S.C. 3535) is amended by adding at the end the following new subsection:

''(t) USE OF TECHNICAL ASSISTANCE AMOUNTS.—The Secretary may transfer to any of the accounts of the Department for salaries and expenses from any other account from which amounts may be drawn for technical assistance such amounts as the Secretary determines are reasonable to reimburse such salaries and expenses account, but only if such reimbursement is made for expenditures for the costs of per-

sonal services, travel, and transportation, and other object classifications that are incurred for the technical assistance, training, and related activities provided by or to officials and employees of the Department for a program that is funded from such other account and in which the costs of technical assistance are otherwise eligible for expenditure. Up to 10 percent of the amount transferred may be used for technical assistance, training, travel, and related expenses provided to officials and employees of the Department. The authority under this subsection to transfer amounts shall be in addition to any other authority of the Secretary to transfer funds among accounts which exists on the date of the enactment of the Housing and Community Development Act of 1992 or is provided after such date.''.

SEC. 705. ANNUAL REPORT REGARDING REPEAL OF UNFUNDED PROGRAMS.

Section 8 of the Department of Housing and Urban Development Act (42 U.S.C. 3536) is amended—

(1) by inserting ''(a) IN GENERAL.—'' after ''SEC. 8.''; and

(2) by adding at end the following new subsection:

''(b) UNFUNDED PROGRAMS.—In each annual report under this section, the Secretary shall—

"(1) identify each program under the jurisdiction of the Department for which amounts have been authorized to be appropriated for each of the 3 most recently completed fiscal years but for which, for all 3 of such years, amounts have not been appropriated; and

"(2) include proposed legislation repealing the provisions of Federal law authorizing the programs identified pursuant to paragraph (1) and providing requirements for the treatment, after such repeal, of any assistance provided under such provisions before the repeal.".

SEC. 706. REQUIREMENTS FOR PARTICIPATION OF WOMEN IN CONSTRUCTION ASSISTED UNDER HUD PROGRAMS.

The Department of Housing and Urban Development Act (42 U.S.C. 3531 et seq.) is amended by adding at the end the following new section:

"SEC. 15. REQUIREMENTS FOR PARTICIPATION OF WOMEN IN CONSTRUCTION ASSISTED UNDER HUD PROGRAMS.

"(a) BIDS.—Except as provided in subsection (c), each contractor submitting a bid or contract proposal for a covered construction contract (and each applicant for construction assistance that will carry out construction) shall in-

clude in the bid or proposal (or application for construction assistance) documentation sufficient to ensure that the contractor will comply with the requirements of this section or certifications that the contractor will make a good faith effort to comply with such requirements. The Secretary shall, by regulation, establish standards for such documentation and certifications and shall provide for contractors (and applicants) making certifications to periodically provide to the Secretary evidence of such good faith efforts.

"(b) PARTICIPATION REQUIREMENTS.—Any contractor who enters into a covered construction contract (and any recipient of construction assistance carrying out construction), and any subcontractor thereof, shall employ and maintain the employment of construction trades workers in construction covered by the covered construction contract (or assisted with the construction assistance)—

"(1) for any contractor or subcontractor (or recipient of construction assistance) whose total number of employees is not less than 6 and not more than 19, not less than 1 woman; and

"(2) for any contractor or subcontractor (or recipient of construction assistance) whose total number of employees is 20 or more, a number of women that is not less than 10 percent of the positions in each of

the construction trades performed by the contractor or subcontractor (or recipient of construction assistance).

"(c) EXEMPTION FOR SMALL CONTRACTORS.—Any contractor (or recipient) whose total number of employees is 5 or less shall not be subject to the requirements of this section.

"(d) DEFINITIONS.—For purposes of this section:

"(1) The term 'construction assistance' means any assistance provided under any program administered by the Secretary that is used for any construction, but does not include mortgage insurance under the National Housing Act.

"(2) The term 'construction trades workers' means workers in any construction trade, including—

"(A) brickmasons, stonemasons, and tile setters;

"(B) carpenters;

"(C) electricians and power transmission installers;

"(D) painters, paperhangers, and plasterers;

"(E) plumbers, pipefitters, and steamfitters;

"(F) carpet installers;

"(G) drywall installers and drywall finishers;

"(H) concrete and terrazzo finishers;

"(I) glaziers;

"(J) insulation workers;

"(K) paving, surfacing, and tamping equipment operators;

"(L) roofers;

"(M) sheetmetal duct installers;

"(N) structural metal workers;

"(O) power equipment operators (including truck drivers, and backhoe, bulldozer, crane, loader, and grader operators);

"(P) sprinkler installers;

"(Q) elevator installers;

"(R) laborers; and

"(S) landscapers.

"(3) The term 'contractor' includes firms, partnerships, corporations, and any other persons, and any combination thereof.

"(4) The term 'covered construction contract' means an agreement to provide labor and related materials, supplies, or services for any construction that—

"(A) involves any construction assistance; and

"(B) if such construction assistance is provided—

"(i) under the community development block grant program under title I of the Housing and Community Development Act of 1974 or the HOME Investment Partnerships Act, involves a total project cost of not less than $100,000; or

"(ii) under any other program administered by the Secretary, involves a total project cost of not less than $200,000.

"(5) The term 'subcontractor' means any firm, partnership, corporation, or any other person, or any combination thereof, who enters into a contract or agreement with a contractor to perform a substantial specified portion of a covered construction contract.".

SEC. 707. NOTIFICATION OF HUD FUNDING AWARDS.

Section 102(a)(1) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(a)(1)) is amended by adding at the end the following new sentence: "Each notice of the availability of assistance shall include an estimate of the date by which the Department will notify applicants for such assistance whose applications or requests for assistance are approved of such approval.".

SEC. 708. EXCLUSION OF GNMA FROM HUD PERSONNEL CEILINGS.

Section 502(a) of the Housing Act of 1948 (12 U.S.C. 1701c(a)) is amended by adding at the end the following new sentence: ''Notwithstanding any other provision of law, employees of the Government National Mortgage Association Department in the Department of Housing and Urban Development shall not be considered employees of the Department for purposes of any limitation on the number of employees of the Department.''.

SEC. 709. HUD RESEARCH AND DEVELOPMENT.

The second sentence of section 501 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z–1) is amended to read as follows: ''There are authorized to be appropriated to carry out this title $40,000,000 for fiscal year 1995 and $42,000,000 for fiscal year 1996.''.

SEC. 710. PREVENTING FRAUD AND ABUSE IN RURAL RENTAL HOUSING PROGRAM.

(a) IN GENERAL.—Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 3544) is amended—

*(1) in the heading for the section, by inserting ''**AND RURAL RENTAL HOUSING PROGRAM**'' before the period at the end;*

(2) by striking paragraph (1) of subsection (a) and inserting the following new paragraph:

''(1) SECRETARY CONCERNED.—The term 'Secretary concerned' means—

''(A) the Secretary of Housing and Urban Development, with respect to programs of the Department of Housing and Urban Development; and

''(B) the Secretary of Agriculture, with respect to the program for rural rental housing under section 515 of the Housing Act of 1949.'';

(3) in subsection (b), in the matter preceding paragraph (1), by inserting after ''income,'' the following: ''and as a condition of initial or continuing eligibility for participation in the program for rural rental housing under section 515 of the Housing Act of 1949,'';

(4) in subsection (c)(2)(A)—

(A) by inserting before ''from the improper'' the following: ''or the program for rural rental housing under section 515 of the Housing Act of 1949''; and

(B) by inserting before ''and (in'' the following: ''and the Department of Agriculture'';

(5) in the last sentence of subsection (c)(3)(A), by inserting ''an officer or employee of the Department of Agriculture,'' after ''Development,'';

(6) in subsection (e), by inserting after ''Development'' the following: ''or the program for rural rental housing under section 515 of the Housing Act of 1949,'';

(7) in subsection (a)(2), in the matter in subsection (b) that precedes paragraph (1), and in paragraphs (1) and (2) of subsection (b), by striking ''the Secretary'' each place it appears and inserting ''the Secretary concerned''; and

(8) in subsection (b)(3)—

(A) by striking ''the Secretary authorizing the Secretary'' and inserting ''the Secretary concerned authorizing the Secretary concerned''; and

(B) by striking ''of the Secretary'' and inserting ''of the Secretary concerned''.

(b) ACCESS TO RECORDS.—Section 303(i)(1) of the Social Security Act (42 U.S.C. 503(i)(1)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i)—

(A) by inserting ''or the Department of Agriculture, as applicable,'' before ''and to representatives'';

(B) by inserting ''of Housing and Urban Development or in the program for rural rental

housing under section 515 of the Housing Act of 1949'' after ''by the Department''; and

(C) by inserting ''or the Secretary of Agriculture, as applicable'' before the dash at the end; and

(2) in subparagraph (B), by inserting ''or under the program for rural rental housing under section 515 of the Housing Act of 1949'' before the period at the end.

(c) RETURN INFORMATION.—Section 6103(l)(7)(D)(ix) of the Internal Revenue Code of 1986 is amended—

(1) by inserting ''and the program for rural rental housing under section 515 of the Housing Act of 1949'' after ''income,'';

(2) by inserting ''or the Secretary of Agriculture, as applicable,'' after ''Secretary of Housing and Urban Development''; and

(3) by inserting ''or the Department of Agriculture'' before ''with respect to''.

SEC. 711. NATIONAL INSTITUTE OF BUILDING SCIENCES.

The second sentence of section 809(i) of the Housing and Community Development Act of 1974 (12 U.S.C. 1701j–2(i)) is amended to read as follows: ''In addition to the amounts authorized to be appropriated under the first sentence of this subsection, there are authorized to be appro-

priated to the Institute to carry out the provisions of this section $2,000,000 for fiscal year 1995 and $2,000,000 for fiscal year 1996.''.

SEC. 712. RESIDENTIAL LEAD-BASED PAINT HAZARD REDUCTION.

(a) TARGET HOUSING HAZARD REDUCTION.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 1011(p) of the Housing and Community Development Act of 1992 (42 U.S.C. 4852(p)) is amended to read as follows:

''(p) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of carrying out this Act, there are authorized to be appropriated $100,000,000 for fiscal year 1995 and $110,000,000 for fiscal year 1996.''.

(2) TECHNICAL ASSISTANCE AND CAPACITY BUILDING.—Section 1011(g) of the Housing and Community Development Act of 1992 (42 U.S.C. 4852(g)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by inserting before the period at the end the following: '', by providing technical assistance, either directly, or indirectly under contracts or otherwise''; and

(ii) by striking the second sentence; and

(B) by striking paragraph (2) and inserting the following new paragraph:

''(2) SET-ASIDE.—Of the total amount approved in appropriation Acts under subsection (p), there shall be set aside to carry out this subsection $3,000,000 for fiscal year 1995 and $3,000,000 for fiscal year 1996.''.

(b) HUD RESEARCH.—

(1) CONDUCTING OF RESEARCH.—Section 1052 of the Housing and Community Development Act of 1992 (42 U.S.C. 4854a) is amended by inserting after ''other Federal agencies,'' the following: ''either directly, or indirectly under contract or otherwise,''.

(2) FUNDING.—Section 1053 of the Housing and Community Development Act of 1992 (42 U.S.C. 4854b) is amended to read as follows:

''SEC. 1054. FUNDING.

''Of the total amount approved in appropriation Acts under section 1011(p), there shall be set aside to carry out this part $5,000,000 for fiscal year 1995 and $5,000,000 for fiscal year 1996.''.

(3) OTHER ACTIVITIES.—Part 1 of subtitle D of title X of the Housing and Community Development

Act of 1992 (42 U.S.C. 4854 et seq.) is amended by inserting after section 1052 the following new section:

"SEC. 1053. OTHER RESEARCH AND ASSISTANCE ACTIVITIES.

''The Secretary may use amounts available to carry out this part to undertake, either directly, or indirectly under contract or otherwise, pursuant to title V of the Housing and Urban Development Act of 1970, such studies, tests (including pilot tests of new or revised programs), evaluations, demonstrations, education of the public, and preparation of training materials, as are consistent with the purposes of this Act.''.

SEC. 713. GAO STUDY OF LEAD-BASED PAINT DETECTION TECHNOLOGIES AND TENANT NOTIFICATION PROCEDURES.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the lead-based paint detection and abatement programs of the Department of Housing and Urban Development, which shall include—

(1) analysis of existing lead-based paint detection technologies including an analysis of the effectiveness of x-ray fluorescence analyzers (in this section referred to as ''XRF'');

(2) evaluation of the qualifications of XRF contractors and whether national certification standards should be imposed;

(3) analysis of whether the 1.0 mg/cm² action level for lead paint, as directed in section 302 of the Lead-Based Paint Poisoning Prevention Act, is too high to adequately protect tenant health, and in conduction such analysis, the Comptroller General shall consult with the Consumer Product Safety Commission, the Department of Health and Human Services, and the Environmental Protection Agency; and

(4) evaluation of the effectiveness of tenant notification procedures of the Department of Housing and Urban Development pursuant to a finding of lead-based paint in public housing.

(b) REPORT.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Congress a report describing the results of the study required by subsection (a).

SEC. 714. CIVIL MONEY PENALTIES FOR VIOLATIONS OF HOME MORTGAGE DISCLOSURE ACT BY NONSUPERVISED MORTGAGEES.

Section 305 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2804) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by inserting ''and'' at the end;

(B) in paragraph (3), by striking ''; and'' at the end and inserting a period; and

(C) by striking paragraph (4);

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following new subsection:

''(c) POWERS OF THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development (in this subsection referred to as the 'Secretary') shall enforce compliance with the requirements imposed under this title with regard to lending institutions not described in subsection (b).

''(2) CIVIL MONEY PENALTIES.—Pursuant to paragraph (1) of this subsection, the Secretary may impose a civil money penalty for failure to comply with the requirements of this title.

''(3) AMOUNT OF PENALTY.—The amount of the penalty, as determined by the Secretary, may not exceed $5,000 for each violation, except that the maximum penalty for all violations by any particular

lending institution during any 1-year period shall not exceed $1,000,000.

"(4) VIOLATIONS FOR WHICH A PENALTY MAY BE IMPOSED.—A civil money penalty may be imposed for the late submission of a report, failure to submit a report, submission of an illegible report, submission of an erroneous report, and failure to submit a corrected report for a report that was illegible or erroneous.

"(5) AGENCY PROCEDURES.—

"(A) ESTABLISHMENT.—The Secretary shall establish standards and procedures governing the imposition of civil money penalties under this section. The standards and procedures shall provide for the Secretary to make the determination to impose the penalty or to use an administrative entity (such as the Mortgagee Review Board, established pursuant to section 202(c) of the National Housing Act) to make the determination; shall provide for the imposition of a penalty only after the lending institution has been given an opportunity for a hearing on the record; and may provide for review by the Secretary of a determination or order, or interlocutory ruling, arising from a hearing.

"(B) FINAL ORDERS.—If no hearing is requested within 15 days of receipt of the notice of opportunity for hearing, the imposition of the penalty shall constitute a final and unappealable determination. If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order. If the Secretary does not review the determination or order within 90 days of the issuance of the determination or order, the determination or order shall be final.

"(C) FACTORS IN DETERMINING AMOUNT OF PENALTY.—In determining the amount of a penalty under this subsection, consideration shall be given to such factors as the gravity of the offense, any history of prior offenses, ability to pay the penalty, deterrence of future violations, and such other factors as the Secretary may determine to be appropriate.

"(D) REVIEWABILITY OF IMPOSITION OF PENALTY.—The Secretary's determination or order imposing a penalty under this subsection shall not be subject to review, except as provided in this subsection.

"(6) JUDICIAL REVIEW OF AGENCY DETERMINATION.—

"(A) IN GENERAL.—After exhausting all administrative remedies established by the Secretary under this subsection, a lending institution against whom the Secretary has imposed a civil money penalty under this subsection may obtain a review of the penalty as may be addressed in the notice of determination to impose a penalty in the appropriate court of appeals of the United States, by filing in such court, within 20 days after the entry of such order or determination, a written petition praying that the Secretary's determination or order be modified or set aside in whole or in part.

"(B) OBJECTIONS NOT RAISED IN HEARING.—The court shall not consider any objection that was not raised in the hearing conducted pursuant to this subsection unless a demonstration is made of extraordinary circumstances causing the failure to raise the objection. If any party demonstrates to the satisfaction of the court that additional evidence not presented at the hearing is material and that there were reasonable grounds for the failure to present such

evidence at the hearing, the court shall remand the matter to the Secretary for consideration of the additional evidence.

"(C) SCOPE OF REVIEW.—The decisions, findings, and determinations of the Secretary shall be reviewed pursuant to section 706 of title 5, United States Code.

"(D) ORDER TO PAY PENALTY.—Notwithstanding any other provision of law, in any such review, the court shall have the power to order payment of the penalty imposed by the Secretary.

"(7) ACTION TO COLLECT PENALTY.—If a lending institution fails to comply with the Secretary's determination or order imposing a civil money penalty under this subsection, after the determination or order is no longer subject to review as provided by this subsection, the Secretary may bring an action in an appropriate United States district court to obtain a monetary judgment against the lending institution. In such an action, the validity and appropriateness of the Secretary's determination or order imposing the penalty shall not be subject to review. The monetary judgment may, in the court's discretion, include

the attorneys fees and other expenses incurred by the United States in connection with the action.

"(8) SETTLEMENT BY SECRETARY.—The Secretary may compromise, modify, or remit any civil money penalty which may be imposed under this subsection.

"(9) REGULATIONS.—The Secretary shall issue such regulations as the Secretary deems appropriate to implement this subsection.

"(10) DEPOSIT OF PENALTIES IN TREASURY.—All civil money penalties collected under this subsection shall be deposited in the Miscellaneous Receipts Account of the Treasury.".

SEC. 715. REMOVAL OF REGULATORY BARRIERS TO AFFORDABLE HOUSING.

(a) PURPOSES.—Section 1202 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705a) is amended—

(1) in paragraph (1), by striking "State and local governments to further identify and remove" and inserting "the further identification and removal of"; and

(2) by striking paragraph (2) and inserting the following new paragraph:

''(2) to encourage the establishment of partnerships between local governments and builders and developers of affordable housing to facilitate development of innovative land use and building practices to overcome regulatory barriers.''.

(b) GRANTS.—Section 1204 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705c) is amended—

(1) by striking subsection (a) and inserting the following new subsection:

''(a) IN GENERAL.—The amounts available for use under this Act may be used for grants under subsections (b) and (c), for evaluation of grantees, and for contracts with intermediaries for the administration of such grants.'';

(2) in subsection (b)—

(A) in the heading for the subsection, by striking ''GRANTS'' and inserting ''AND REGIONAL STRATEGIES FOR BARRIER REMOVAL'';

(B) in matter preceding paragraph (1), by inserting after ''States'' the following: '', consortia of units of general local government, associations of units of general local government, and metropolitan or regional governments'';

(C) in paragraph (3), by striking ''a State program to reduce State and local'' and inserting ''State or regional programs to reduce'';

(D) in paragraph (4), by inserting ''or local'' after ''State'';

(E) in paragraph (5), by striking ''State''; and

(F) by striking paragraph (6) and inserting the following new paragraph:

''(6) developing proposed legislation or administrative policies for enactment by the State or local government addressing expanded housing opportunity and barrier removal, including implementation of active programs encouraging housing opportunities for low- and moderate-income families through activities such as comprehensive planning requirements, metropolitan fair-share requirements for affordable housing, inclusionary zoning legislation, establishment of new land development standards, and review of zoning standards and plans.'';

(3) by striking subsection (c) and inserting the following new subsection:

''(c) BARRIER REMOVAL DEMONSTRATION.—The Secretary may make grants to units of general local government to encourage the establishment of partnerships between

local governments and builders and developers under which the local government commits to modify existing land use and building practices and the builder or developer agrees to use innovative land planning and development approaches to build affordable housing in ways which would overcome regulatory barriers. Assistance under this subsection may be used to assist the builder or developer obtain additional architectural, engineering, and land planning services to build affordable housing and to provide assistance to the locality in providing specialized review and in meeting technical responsibilities resulting from the removal of the regulatory barriers. During and after completion of these demonstration projects, the Secretary may evaluate the cost impact of the modified regulations and the long-term impact of the project on regulatory reform.'';

(4) by striking subsections (d) through (g) and inserting the following new subsection:

''(d) APPLICATION AND SELECTION.—

''(1) APPLICATION.—The Secretary shall provide for the form and manner of applications for grants under this section, which in the case of grants under subsection (c), shall include resolutions and other evidence by the applicable regulating bodies evidencing commitments—

''(A) to waive or modify existing applicable zoning, building code, site planning, and other related development requirements;

''(B) to approve the project based upon an individual review of the technical data, site plans, and architectural submissions of the project, utilizing the most recent research and practices of building engineering and land development; and

''(C) to accelerate development review and processing.

''(2) CRITERIA FOR APPROVAL.—The Secretary shall establish criteria for approval of applications under this subsection and for the competitive selection of grantees under this section.'';

(5) in subsection (h), by striking ''State and unit of general local government receiving'' and inserting ''recipient of''; and

(6) by redesignating subsections (h) and (i) as subsections (e) and (f), respectively.

(c) REPORTS.—Section 1207 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705a note) is amended by striking ''this Act'' and inserting ''the Housing and Community Development Act of 1994''.

(d) CDBG SPECIAL PURPOSE GRANTS.—Section 107(b) of the Housing and Community Development Act of 1974 (42 U.S.C. 5307(b)) is amended by inserting at the end the following new paragraph:

''(9) to eligible grantees, and for other purposes, under the Removal for Regulatory Barriers to Affordable Housing Act of 1992.''.

SEC. 716. NEW TOWNS DEMONSTRATION PROGRAM FOR EMERGENCY RELIEF OF LOS ANGELES.

(a) INSURANCE AUTHORITY.—The first sentence of section 1104(d) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows: ''To the extent provided in appropriation Acts, the Secretary shall use any authority provided pursuant to section 531(b) of the National Housing Act to enter into commitments to insure loans and mortgages under this section in fiscal years 1995 and 1996 with an aggregate principal amount not exceeding such sums as may be necessary to carry out the demonstration under this title.''.

(b) SECOND MORTGAGE ASSISTANCE.—Section 1105(e) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and

1996 such sums as may be necessary for providing assistance under this section.''.

(c) COMMUNITY DEVELOPMENT ASSISTANCE.—Section 1106(h) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows:

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996 such sums as may be necessary for assistance under this section.''.

SEC. 717. AUTHORIZATION OF APPROPRIATIONS FOR PUBLIC SERVICES FACILITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1995 such sums as may be necessary for a grant by the Secretary of Housing and Urban Development to the City of Springfield, Massachusetts (in this section referred to as the ''City''), for the redevelopment of a facility formerly used as a United States Post Office for use as a consolidated facility for city public services in accordance with the plans, budgets, and timetables for such facility developed by the City.

(b) CITY CONTRIBUTION.—Notwithstanding any other provision of this section, the Secretary may not make any amount provided pursuant to this section available to the City unless the City contributes for redevelopment of the facility referred to in subsection (a) an amount constituting

not less than 25 percent of the total cost of the redevelopment project.

(c) AVAILABILITY OF AMOUNTS.—Of any amounts appropriated pursuant to this section, the Secretary shall provide $2,500,000 to the City in fiscal year 1995 and the remainder shall remain available until the end of fiscal 1996 and shall be provided to the City in such year.

(d) REPORTS.—The Secretary may require the City to submit such reports and other information as the Secretary considers necessary to ensure that the amounts provided under this section are used in accordance with this section and that amounts are provided by the City in accordance with subsection (b).

SEC. 718. NATIONAL AMERICAN INDIAN HOUSING COUNCIL.

There is authorized to be appropriated for assistance for the National American Indian Housing Council $1,000,000 for fiscal year 1995 and $1,000,000 for fiscal year 1996, for providing training and technical assistance to Indian Housing Authorities.

SEC. 719. HOUSING ASSISTANCE COUNCIL.

There is authorized to be appropriated for assistance for the Housing Assistance Council $5,000,000 for fiscal year 1995 and $5,000,000 for fiscal year 1996, for providing training, technical assistance, and financial assistance to develop affordable housing in rural areas.

SEC. 720. DEMONSTRATION PROGRAM FOR OUTREACH TO AVOID DISCONNECTION OF UTILITIES.

(a) ACTION OF SECRETARY.—The Secretary of Housing and Urban Development shall provide technical advice and assistance to Maryland Energy Advocates to establish and carry out a program under (b).

(b) OUTREACH PROGRAM.—The program under this subsection shall be a program, carried out by Maryland Energy Advocates, to—

(1) identify low-income families living in Baltimore, Maryland, and the surrounding areas, including low-income families residing in housing for which assistance is provided by the Federal Government, whose electricity or other utility services have been disconnected because of failure to pay amounts owed;

(2) provide counseling and advice to such families regarding utility payments, family budgeting, sources and programs of assistance for utility payments, and such other matters as may be necessary to avoid the disconnection of utility service in the future; and

(3) determine the most effective manners of identifying low-income families in need of advice or assistance to avoid disconnection of utility services and the most effective actions to help low-income families avoid such disconnection.

(c) REPORT.—After consultation with Maryland Energy Advocates regarding the implementation and results of the program under subsection (b), but not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit a report to the Congress that—

(1) describes the program and the activities carried out under the program;

(2) describes the extent to which the utility services of low-income families are disconnected; and

(3) identifies the most effective manners of identifying low-income families in need of advice or assistance to avoid disconnection of utility services and the most effective actions to help low-income families avoid such disconnection, including any such actions appropriate for the Federal Government.

SEC. 721. FEDERAL DEPOSIT INSURANCE CORPORATION AFFORDABLE HOUSING PROGRAM.

(a) REAUTHORIZATION.—Section 40(b) of the Federal Deposit Insurance Act (12 U.S.C. 1831q(b)) is amended—

(1) in paragraph (1), by striking ''during'' and all that follows through ''paragraph (2)(A)'' and inserting ''until the end of fiscal year 1997'';

(2) in paragraph (2)(A), in the matter preceding clause (i), by striking ''3-year''; and

(3) in paragraph (2)(C), by striking ''3-year''.

(b) FACILITATION OF PROGRAM.—Section 40 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

''(r) FACILITATION OF PROGRAM.—Notwithstanding any provision of this section or any other provision of law, the Corporation shall be considered to be in compliance with this section if (in the sole discretion of the Corporation) the Corporation at any time modifies, amends, or waives any provisions of this section to maximize the efficient use of amounts appropriated to carry out this section. The Corporation shall not be subject to suit for any failure to comply with the requirements of this section.''.

SEC. 722. STATE AGENCIES AS SURETIES.

Section 9304 of title 31, United States Code, is amended by adding at the end the following new subsection:

''(c) STATE AGENCIES.—A State agency, including any financing authority established by any State, which meets the requirements of paragraphs (2) and (3) of subsection (a) may be treated as a surety corporation for purposes of this chapter.''.

TITLE VIII—HOUSING PROGRAMS UNDER STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

SEC. 801. SHORT TITLE.

This title may be cited as the ''Stewart B. McKinney Homeless Housing Assistance Amendments Act of 1994''.

Subtitle A—Housing Assistance

CHAPTER 1—REORGANIZATION OF CERTAIN MCKINNEY ACT HOUSING PROVISIONS

SEC. 811. FLEXIBLE GRANT PROGRAM.

Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended—

(1) by striking subtitles A, B, C, D, and F;

(2) by striking the headings for subtitles E and G;

(3) by redesignating sections 441 (as amended by the preceding provisions of this Act), 491, and 592 (as added by section 1414 of the Housing and Community Development Act of 1992) as sections 451, 453, and 454, respectively;

(4) by striking sections 442 and 443; and

(5) by inserting after the heading for the title the following:

"Subtitle A—Flexible Grant Program

"CHAPTER 1—GENERAL PROVISIONS

"SEC. 401. PURPOSES.

''The purposes of this subtitle are to—

''(1) expand and reorganize the Federal commitment to alleviate homelessness by providing States, Indian tribes, and localities with the resources to more efficiently and effectively design a comprehensive system to address the shelter, service, and permanent housing needs of homeless individuals and families in the United States;

''(2) help very low-income families avoid becoming homeless;

''(3) meet the emergency shelter needs of homeless persons and families;

''(4) provide transitional or specialized permanent housing to facilitate the movement of homeless persons and families to independent living;

''(5) provide supportive services to help homeless persons and families lead independent and dignified lives;

''(6) encourage the cooperation and participation of the States and units of general local government, together with private nonprofit organizations, in

planning and implementing comprehensive homeless assistance programs;

''(7) reduce the costs to States, units of general local government, and private nonprofit organizations in applying for and using Federal housing assistance for families and persons who are homeless; and

''(8) begin meeting the needs of most of the Nation's homeless population through the existing Federal programs providing basic assistance for low-income families and persons.

''SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated—

''(1) $635,000,000 for fiscal year 1995 for grants in accordance with section 813 of the Housing and Community Development Act of 1994; and

''(2) $786,620,000 for fiscal year 1996 for grants under this subtitle.

Any amounts appropriated pursuant to this section shall remain available until expended.

''SEC. 403. DEFINITIONS.

''For purposes of this subtitle, the following definitions shall apply:

''(1) The term 'allocation unit of general local government' means a metropolitan city and an urban county.

"(2) The term 'applicant' means an eligible grantee that submits an application under section 408 for a grant under this subtitle.

"(3) The term 'disability' means—

"(A) a disability as defined in section 223 of the Social Security Act;

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

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

"(D) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agency for acquired immunodeficiency syndrome.

Subparagraph (D) shall not be construed to limit eligibility under subparagraphs (A) through (C) or the provisions referred to in subparagraphs (A) through (C).

"(4) The term 'eligible grantee' means—

"(A) an allocation unit of general local government, Indian Tribe, or insular area that elects to administer a grant under section 410(a)(1);

"(B) a public agency or a private nonprofit organization (or a consortium of such organizations) designated by the Secretary under section 410(a)(3) to administer grant amounts for an allocation unit of general local government, Indian tribe, or insular area;

"(C) an entity eligible to receive grant amounts from the Secretary under section 410(a)(4);

"(D) a State that elects under section 410(b)(1)(A) to administer a grant;

"(E) a unit of general local government selected under section 410(b)(5) to receive grant amounts from the Secretary; and

"(F) a private nonprofit organization selected under section 410(b)(4) to receive grant amounts from the Secretary.

"(5) The term 'families' has the same meaning given the term under section 3(b) of the United States Housing Act of 1937.

"(6) The term 'grantee' means—

"(A) an allocation unit of general local government, Indian Tribe, or insular area that receives a grant under this subtitle and administers the grant under section 410(a)(1);

"(B) an allocation unit of general local government, Indian tribe, or insular area that receives a grant under this subtitle and designates a public agency or private nonprofit organization (or a consortium of such organizations) to administer grant amounts for the jurisdiction under section 410(a)(2);

"(C) a public agency or a private nonprofit organization (or a consortium or such organizations) designated by the Secretary under section 410(a)(3) to administer grant amounts for an allocation unit of general local government, Indian tribe, or insular area, and that receives grant amounts under this subtitle;

"(D) an entity that receives grant amounts from the Secretary under section 410(a)(4);

"(E) a State that receives grant amounts under this subtitle and administers such amounts under section 410(b)(1)(A);

"(F) a unit of general local government that receives grant amounts from the Secretary under section 410(b)(5); and

"(G) a private nonprofit organization that receives grant amounts from the Secretary under section 410(b)(4);

"(7) The term 'homeless family' means a group of one or more related individuals who are homeless individuals.

"(8) The term 'Indian tribe' means any Indian tribe, band, group, and nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act or was considered an eligible recipient under chapter 67 of title 31, United States Code, before the repeal of such chapter.

"(9) The term 'insular area' means the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"(10) The term 'low-demand services and referrals' means the provision of health care, mental health, substance abuse, and other supportive services and referrals for services in a noncoercive manner, which may include medication management, edu-

cation, counseling, job training, and assistance in obtaining entitlement benefits and in obtaining other supportive service including mental health treatment and substance abuse treatment.

"(11) The term 'metropolitan city' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

"(12) The term 'operating costs' means expenses of operating any housing assisted under this subtitle with respect to—

"(A) the administration, maintenance, repair, and security of such housing;

"(B) utilities, fuels, furnishings, and equipment for such housing; and

"(C) the conducting of the assessments of and the provision of supportive services to the residents of such housing.

"(13) The term 'outpatient health services' means outpatient health care, outpatient mental health services, outpatient substance abuse services, case management services and child immunization.

"(14) The term 'private nonprofit organization' means an organization—

"(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

"(B) that has a voluntary board;

"(C) that has an accounting system or has designated a fiscal agent in accordance with requirements established by the Secretary; and

"(D) that practices nondiscrimination in the provision of assistance.

"(15) The term 'project' means a structure or a portion of a structure that is acquired or rehabilitated with assistance provided under this subtitle or with respect to which the Secretary provides technical assistance or annual payments for operation costs.

"(16) The term 'project sponsor' means an entity that—

"(A) provides housing or assistance for homeless individuals or families by carrying out eligible activities under chapter 2 that are assisted under this subtitle; and

"(B) meets such minimum standards as the Secretary considers appropriate.

"(17) The term 'recipient' means a grantee (other than a State distributing grant amounts to State recipients) and a State recipient.

"(18) The term 'Secretary' means the Secretary of Housing and Urban Development.

"(19) The term 'State' means a State of the United States and the Commonwealth of Puerto Rico, or any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this subtitle.

"(20) The term 'State recipient' means—

"(A) a unit of general local government within a State (other than an allocation unit of general local government) that receives grant amounts from the State under section 410(b)(3); and

"(B) a private nonprofit organization that receives grant amounts from a State under section 410(b)(4).

"(21)(A) The term 'supportive services' means assistance that—

"(i) addresses the special needs of homeless person, such as deinstitutionalized persons, families with children, persons with mental disabilities, other persons with disabilities, the elderly, and veterans intended to be served by a project; and

"(ii) assists in accomplishing the purposes of the different types of housing for the homeless eligible for assistance under this subtitle.

"(B) Such term includes—

"(i) food services, child care, substance abuse treatment, assistance in obtaining permanent housing, outpatient health services, employment counseling, nutritional counseling, security arrangements for the protection of residents of facilities to assist the homeless, and such other services essential for maintaining or moving toward independent living as the Secretary determines to be appropriate; and

"(ii) assistance to homeless persons in obtaining other Federal, State, and local assistance available for such individuals, including public assistance benefits, mental health benefits, employment counseling, and medical assistance.

"(C) Such term does not include the provision of major medical equipment.

"(D) All or part of the supportive services may be provided directly by the project sponsor or by arrangements with other public or private service providers.

"(22) The term 'unit of general local government' means—

"(A) a city, town, township, county, parish, village, or other general purpose political subdivision of a State;

"(B) the District of Columbia; and

"(C) any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this subtitle.

The term includes a consortium of geographically contiguous units of general local government if the Secretary determines that the consortium—

"(i) has sufficient authority and administrative capability to carry out the purposes of this subtitle on behalf of its member jurisdictions; and

"(ii) will, according to a written certification by the State (or State, if the consortium includes jurisdictions in more than one State), direct its activities to alleviation of problems of homeless individuals or families within the State or States.

"(23) The term 'urban county' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

"(24) The term 'very low-income families' has the same meaning given the term under section 104 of the Cranston-Gonzalez National Affordable Housing Act.

"SEC. 404. PROVISION OF GRANTS.

"(a) AUTHORITY AND USE.—The Secretary may make grants to eligible grantees in accordance with the provisions of this subtitle. Grants under this subtitle may be used only—

"(1) to carry out activities under chapter 2 for assisting homeless individuals and families that are conducted to provide comprehensive homeless assistance required under section 405; and

"(2) for administrative expenses, to the extent provided in section 436.

"(b) GENERAL RULE FOR AWARD OF GRANTS.—Except as provided in subsection (c), the Secretary shall make grants using amounts appropriated under section 402 in the manner provided in this subtitle.

"(c) INSUFFICIENT APPROPRIATIONS.—

"(1) TRIGGER.—If the amounts appropriated pursuant to section 402 for any fiscal year are less

than 50 percent of the amount authorized to be appropriated under such section for the year, the Secretary shall use such amounts to make grants under the provisions of this title as in effect immediately before the enactment of the Housing and Community Development Act of 1994.

"(2) GRANT REQUIREMENTS.—The Secretary shall establish requirements for grants made under this subsection, as the Secretary considers appropriate, that are additional or alternative to the requirements under the provisions of this title as in effect immediately before the enactment of the Housing and Community Development Act of 1994.

"(3) GRANT CRITERIA.—The criteria for awarding grants under this subsection shall include—

"(A) the extent to which there is a need for assistance for homeless individuals and families in the jurisdiction in which the grant will be used;

"(B) the extent to which the activities proposed to be carried out with grant amounts will further the provision of comprehensive homeless assistance required under section 405(b)(1);

"(C) the extent to which private nonprofit organizations providing assistance to homeless

individuals and families in the jurisdiction have been, and will be, included in planning for the receipt of assistance under this subtitle, the development of the application under section 408, and the execution of the proposed activities; and

"(D) such other criteria as the Secretary considers appropriate to further the purposes of this subsection and this subtitle.

"(4) SET ASIDE FOR INDIAN TRIBES AND INSULAR AREAS.—In making grants under this subsection, the Secretary may to set aside such amounts as the Secretary considers appropriate for grants for Indian tribes and insular areas.

"SEC. 405. COMPREHENSIVE HOMELESS ASSISTANCE.

"(a) ESTABLISHMENT AND MAINTENANCE.—Each applicant shall, based on information provided in the current comprehensive affordable housing strategy for the appropriate jurisdiction under section 105 of the Cranston-Gonzalez National Affordable Housing Act or such other plan as the Secretary may prescribe, use assistance provided under this subtitle in a manner that ensures that comprehensive homeless assistance is established and maintained within the jurisdiction of the applicant.

"(b) REQUIREMENTS.—For purposes of this subtitle, comprehensive homeless assistance required under this section shall include—

"(1) providing a system of outreach and assessment for—

"(A) determining whether an individual or family is homeless, needs assistance to avoid being homeless, or needs other assistance; and

"(B) ensuring that individuals and families so identified receive appropriate housing and supportive services;

"(2) providing assistance to the extent necessary to avoid eviction (or foreclosure) and termination of utility services of low- and very low-income families to prevent such families from becoming homeless;

"(3) making emergency shelters with appropriate supportive services available to the extent necessary to ensure that homeless individuals and families for which such housing is appropriate receive adequate shelter, including during any period in which an assessment referred to in paragraph (1) is performed for such an individual or family;

"(4) making transitional housing with appropriate supportive services available to the extent necessary to ensure that homeless individuals and fami-

lies for which such housing is appropriate are prepared for increased responsibility and permanent housing, or permanent supportive housing, after the transition period;

"(5) making permanent supportive housing, available to the extent necessary to meet the long-term housing needs of all homeless individuals and families;

"(6) providing assistance to meet specific needs of various subpopulations of the homeless, especially the unique needs of homeless veterans; and

"(7) providing for coordination of assistance provided under this subtitle and assistance provided under other Federal, State, and local programs that may be used to assist homeless individuals and families, including—

"(A) assistance under the programs for public and Indian housing and section 8 rental assistance under the United States Housing Act of 1937 (including the program for section 8 assistance for moderate rehabilitation under section 451 of this Act and the shelter plus care program for such assistance under section 452 of this Act), the HOME Investment Partnerships Act, the community development block grant program

under title I of the Housing and Community Development Act of 1974, the program for supportive housing for the elderly under section 202 of the Housing Act of 1959, the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act, and the program for housing opportunities for persons with AIDS under subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act;

''(B) programs administered by the Director of the Federal Emergency Management Agency;

''(C) programs administered by the Secretary of Labor, including programs for employment and training;

''(D) programs administered by the Secretary of Health and Human Services, including programs for health care, mental health care, social services, income support services, runaway youth, and unfit transient facilities;

''(E) programs administered by the Secretary of Veterans Affairs (including programs for compensation benefits, health care, and mental health care, and other services and programs)

that are specifically designed to assist homeless veterans;

"(F) programs administered by the Secretary of Education, including programs for adult education and education for homeless children and youth;

"(G) programs administered by the Corporation for National and Community Service, including programs for national service; and

"(H) such other assistance as the Secretary shall prescribe upon consultation with the Interagency Council on the Homeless.

"SEC. 406. MATCHING REQUIREMENTS.

"(a) IN GENERAL.—Except as provided in subsection (c), each recipient shall supplement the amount of grants provided under this subtitle to the recipient with an equal amount of funds from non-Federal sources, which shall include funds from project sponsors receiving assistance from the recipient.

"(b) SUPPLEMENTAL FUNDS.—Supplemental funds may include (1) the value of any donated material or building, the value of any lease on a building, (2) any salary paid to staff to carry out the program of a project sponsor, (3) the value of the time and services contributed by volunteers to carry out the program of project sponsor at a rate

determined by the Secretary, and (4) the proceeds from bond financing validly issued by a State or unit of general local government, agency, or instrumentality thereof, and repayable with revenues derived from a project assisted under this subtitle, except that not more than 25 percent of the contribution required may be derived from the proceeds of such bond financings. Any State or local government funds used independently from the program under this title, or designated for such use, to assist the homeless by carrying out activities that would be eligible for assistance under this subtitle shall be considered supplemental funds under this section.

"(c) STATES.—

"(1) REQUIRED SUPPLEMENTATION.—Except as provided in paragraph (3), in the case of a State administering grant amounts under section 410(b)(1)(A), in each fiscal year, the State shall supplement the amount of grants provided under this subtitle with an amount of funds from sources other than this subtitle equal to the difference between the amount received under this subtitle and $100,000.

"(2) BENEFIT OF MATCH.—Each grantee that is a State shall obtain any supplemental amounts required under paragraph (1) from State recipients receiving amounts under the grant in a manner so that

the benefit of the $100,000 subtrahend under paragraph (1) is appropriately divided among State recipients for which providing such supplemental amounts would—

"(A) create a significant hardship for the recipient; or

"(B) interfere with the overall purpose of the homeless assistance program of the recipient.

"(3) EXCEPTION.—If, in any fiscal year, a State receives $100,000 or less in grant amounts under this subtitle, paragraph (1) shall not apply to the State for the fiscal year.

"(d) CERTIFICATION.—Each recipient shall certify, to the satisfaction of the Secretary, its compliance with the provisions of this section, which shall describe the sources and amounts of supplemental funds provided pursuant to this section.

"SEC. 407. RESPONSIBILITIES OF RECIPIENTS AND PROJECT SPONSORS.

"(a) USE OF ASSISTANCE THROUGH PRIVATE NONPROFIT ORGANIZATIONS.—Each recipient shall make available more than 50 percent of the grant amounts it receives for any fiscal year to project sponsors that are private nonprofit organizations to carry out eligible activities under chapter 2, except that the Secretary may waive the applica-

bility of this requirement if the recipient demonstrates to the Secretary that the requirement interferes with the ability of the recipient to provide assistance under this subtitle because of a paucity of qualified private nonprofit organizations in the jurisdiction of the recipient.

"(b) HOUSING QUALITY.—Each recipient shall ensure that housing assisted with grant amounts provided under this subtitle is decent, safe, and sanitary and, when appropriate, complies with all applicable State and local housing codes, building codes, and licensing requirements in the jurisdiction in which the housing is located.

"(c) PREVENTION OF UNDUE BENEFIT.—The Secretary may prescribe such terms and conditions as the Secretary considers necessary to prevent project sponsors from unduly benefiting from the sale or other disposition of projects other than a sale or other disposition resulting in the use of the project for the direct benefit of very low-income families.

"(d) CONFIDENTIALITY.—Each recipient shall develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project and to ensure that the address or location or any family violence shelter project assisted with grant amounts under this subtitle will, except with written authorization of the

person or person responsible for the operation of such shelter, not be made public.

"(e) EMPLOYMENT OF HOMELESS INDIVIDUALS.—To the maximum extent practicable, the Secretary shall ensure that recipients involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted with grant amounts under this subtitle, in providing services so assisted, and in providing services for occupants of facilities so assisted.

"(f) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, provide that each recipient shall require each project sponsor receiving assistance under this subtitle from the recipient to provide for the participation of not less than one homeless individual or formerly homeless individual on the board of directors or other equivalent policy making entity of the project sponsor, to the extent that such entity considers and makes policies and decision regarding any project, facility, services, or other activities assisted with grant amounts under this subtitle. A recipient may grant waivers to project sponsors unable to meet the requirement under the preceding sentence if the project sponsor agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

"SEC. 408. APPLICATION.

"(a) REQUIREMENT.—Except as otherwise provided in section 404(c), the Secretary may make a grant under this subtitle only to an eligible grantee that submits an application under this section that is approved by the Secretary.

"(b) FORM AND PROCEDURE.—Applications shall be submitted in such form and in accordance with such procedures as the Secretary shall, by regulation, establish.

"(c) CONTENT.—An application under this section shall—

"(1) include a detailed description, based on information provided in the current comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the appropriate jurisdiction or such other plan as the Secretary may prescribe, of—

"(A) the existing population of homeless individuals and families for the jurisdiction of the applicant; and

"(B) the existing facilities and services designed to assist such population;

"(2) include a detailed description of the comprehensive homeless assistance under section 405 to be established and maintained within the jurisdiction of the applicant;

"(3) provide an assessment of what is required to establish and maintain the provision of comprehensive homeless assistance required under section 405 for the jurisdiction of the applicant;

"(4) set forth a multiyear strategy for establishing and maintaining the provision of comprehensive homeless assistance for the jurisdiction, as described pursuant to paragraph (2), and include timetables, goals, and budget estimates for accomplishing each element of the strategy;

"(5) set forth a 1-year action plan that identifies all activities to be carried out with assistance under this subtitle and demonstrates how such activities will further the strategy set forth pursuant to paragraph (4);

"(6) except in the case of an application by a State that elects under section 410(b)(1)(A) to administer grants under this subtitle, describe the means the applicant will use to distribute grant amounts to project sponsors and whether such amounts will be awarded on a competitive or noncompetitive basis;

"(7) contain certifications or other such forms of proof of commitments of financial and other resources from each public agency or private nonprofit organization that has a role in establishing and maintain-

ing the provision of comprehensive homeless assistance for the jurisdiction of the applicant, required under section 405;

''(8) contain assurances satisfactory to the Secretary that activities carried out under chapter 2 with grant amounts under this subtitle will comply with the requirements of this subtitle;

''(9) in the case of an application by a State that elects to under section 410(b)(1)(A) administer grants under this subtitle, describe the method of distribution of such amounts to State recipients;

''(10) except with respect to an application by a State that elects to under section 410(b)(1)(A) to administer grants under this subtitle, contain a certification from the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the State or unit of general local government within which a project is to be located (or such other plan as the Secretary may require) that the proposed project is consistent with the approved housing strategy of such State or unit of general local government;

''(11) contain a certification that the applicant will comply with the requirements of the Fair Hous-

ing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing; and

"(12) contain a certification that the applicant will comply with the requirements of this subtitle and other applicable laws.

"(d) RELATIONSHIP TO CHAS AND CONSOLIDATED PLAN.—In establishing requirements for applications under this section, the Secretary shall provide that if an applicant includes in the application information also required under the comprehensive housing affordability strategy for the appropriate jurisdiction under section 105 of the Cranston-Gonzalez National Affordable Housing Act or such other plan as the Secretary may require, the requirements under such subsection regarding such information shall be considered to be fulfilled by the submission of the application.

"SEC. 409. ALLOCATION AND DISTRIBUTION OF FUNDS.

"(a) INSULAR AREAS.—In each fiscal year, from any amounts appropriated for such year to carry out this subtitle, the Secretary shall allocate amounts to insular areas in accordance with an allocation formula established by the Secretary.

"(b) STATES AND ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT.—

"(1) FORMULA ALLOCATION.—

"(A) IN GENERAL.—For each fiscal year, of the amounts that remain after amounts are reserved for insular areas under subsection (a), the Secretary shall allocate assistance according to this paragraph.

"(B) FORMULA.—The Secretary shall allocate amounts under this paragraph using a formula established by the Secretary that allocates amounts for allocation units of general local government and States, and for Indian tribes, in a manner that provides that the percentage of the total amount referred to in subparagraph (A) for any fiscal year that is allocated for any State or allocation unit of general local government, or for Indian tribes, is equal to the percentage of the total amount available for section 106 of the Housing and Community Development Act of 1974 for the prior fiscal year that was allocated for such State or allocation unit of general local government, or for Indian tribes.

"(C) MINIMUM AMOUNT.—If, in any fiscal year, allocation under the provisions of subparagraphs (A) and (B) would result in any allocation unit of general local government receiving a

grant of less than 0.05 percent of the amounts appropriated to carry out this subtitle for the fiscal year, such amount shall instead be reallocated to the State for use under section 410(b).

"(D) 70 PERCENT FOR UNITS OF GENERAL LOCAL GOVERNMENT.—In each fiscal year, the amount allocated under this paragraph for each allocation unit of general local government shall be the amount that results from increasing all of the amounts determined pursuant to the preceding subparagraphs for allocation units of general local government on a pro rata basis so that the sum of such amounts is equal to 70 percent of the remainder of the amount appropriated for the year to carry out this subtitle after amounts are allocated for insular areas under subsection (a).

"(E) 30 PERCENT FOR STATES.—In each fiscal year, the amount allocated under this paragraph for each State shall be the amount that results from decreasing all of the amounts determined pursuant to the preceding subparagraphs for States on a pro rata basis so that the sum of such amounts is equal to 30 percent of the remainder of the amount appropriated for

the year to carry out this subtitle after amounts are allocated for insular areas under subsection (a).

"(2) GRANT AMOUNT FOR STATES AND ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT.—

"(A) IN GENERAL.—The amount allocated for a fiscal year under paragraph (1) for an allocation unit of general local government or a State shall be the maximum amount that the allocation unit or State may receive under this subtitle for the fiscal year.

"(B) REDUCTION.—In any fiscal year, the Secretary may provide a grant under this subtitle for a State or for an allocation unit of general local government in an amount less than the amount allocated under paragraph (1), if the Secretary determines based upon review of the application of the jurisdiction under section 408 or as a result of the annual performance review and audit under section 413, that the jurisdiction has failed to comply fully with the requirements under section 408 or 411 or that such action is otherwise appropriate.

"(c) REALLOCATIONS.—Any amounts that a State or an allocation unit of general local government is eligible

to receive for a fiscal year under subsection (b) that are not received for use in the jurisdiction, as provided by subsections (a) and (b) of section 410, or that become available as a result of actions under section 413(b), shall be added to amounts available for allocation under this section for the succeeding fiscal year.

"SEC. 410. ADMINISTRATION OF PROGRAM.

"(a) GRANTS TO ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT, INDIAN TRIBES, AND INSULAR AREAS.—

"(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), an allocation unit of general local government, Indian tribe, or insular area shall administer grant amounts for any fiscal year received under section 409 by such grantees.

"(2) ADMINISTRATION BY DESIGNEES OF JURISDICTION.—

"(A) AUTHORITY TO ELECT.—An allocation unit of general local government, Indian tribe, or insular area may elect for any fiscal year to designate a public agency or a private nonprofit organization (or a consortium of such organizations) to administer grant amounts under section 409 for the jurisdiction.

"(B) ELECTION REQUIREMENTS.—The Secretary shall prescribe the manner and time for making an election under subparagraph (A), and shall establish criteria for the approval of agencies and organizations designated, which shall require such agencies and organizations to demonstrate experience of the entity in providing assistance to homeless individuals and families in the jurisdiction.

"(C) DIRECT PROVISION OF ASSISTANCE.—The Secretary may, at the request of the jurisdiction, provide grant amounts directly to the agency or organization designated under this paragraph.

"(3) ADMINISTRATION BY DESIGNEES OF SECRETARY.—If an allocation unit of general local government, Indian tribe, or insular area, or (if appropriate) a public agency or private nonprofit organization designated by the jurisdiction under paragraph (2), does not receive a grant under section 409 for any fiscal year because of failure to meet the application requirements of section 408, the Secretary may designate an agency or organization meeting the criteria established under paragraph (2)(B) to receive the grant.

"(4) ADMINISTRATION BY SECRETARY.—If for any fiscal year the Secretary determines that the grant amounts allocated under section 409 for an allocation unit of general local government, Indian tribe, or insular area will not be used in the jurisdiction as provided by the preceding provisions of this subsection, the Secretary may administer such amounts for the jurisdiction. The Secretary shall prescribe such procedures and requirements as the Secretary considers appropriate for administering grant amounts under this paragraph.

"(b) GRANTS TO STATES.—

"(1) IN GENERAL.—To receive an allocation under section 409, each State shall elect—

"(A) to administer grant amounts received under section 409, as provided in paragraphs (2) and (3); or

"(B) to have the Secretary administer such grant amounts for the State, as provided in paragraph (5).

If a State elects to administer grant amounts under subparagraph (A), the election shall be irrevocable.

"(2) STATE PROGRAM.—A State administering grant amounts as provided in paragraph (1)(A)—

"(A) shall distribute the amounts remaining after use in accordance with subparagraph (B) to State recipients for use under this subtitle;

"(B) may use up to 15 percent of the grant amounts received under section 409 to carry out its own homeless assistance program under this subtitle, except that—

"(i) such amounts may only be used for eligible activities under chapter 2 for which States are eligible recipients under this subtitle; and

"(ii) the Secretary may increase the percentage limitation under this subparagraph in the case of any State homeless assistance program that is limited to providing assistance in areas of the State that are not allocation units of general local government; and

"(C) may retain not to exceed 5.0 percent of the amount to be distributed under subparagraph (A) to State recipients to defray the cost of carrying out its responsibilities under this subtitle.

Unless a State demonstrates to the satisfaction of the Secretary that the needs for assistance for activities

under this subtitle in areas of the State that are not allocation units of general local government have been fulfilled, grant amounts received by State may only be used to carry out activities in areas of the State that do not include allocation units of general local government.

"(3) DISTRIBUTION OF AMOUNTS TO STATE RECIPIENTS.—

"(A) CHOICE OF ADMINISTRATION.—A State administering grant amounts as provided in paragraph (1)(A) shall, for each fiscal year, afford each such recipient the options of—

"(i) administering the grant amounts on its own behalf;

"(ii) designating a public agency or a private nonprofit organization (as provided by subsection (a)(2)) to administer the grant amounts for the jurisdiction; or

"(iii) entering into an agreement with the State, in consultation with private nonprofit organizations providing assistance to homeless individuals and families in the jurisdiction, under which the State will administer the grant amounts for the jurisdiction.

A recipient may choose to exercise such options at such time and in accordance with such criteria as the Secretary may prescribe.

"(B) DIRECT PROVISION OF ASSISTANCE.—A State may, at the request of the State recipient, provide grant amounts directly to the agency or organization designated under subparagraph (A)(ii).

"(C) DISTRIBUTION OF AMOUNTS.—The State shall distribute amounts to State recipients (or to agencies or organizations designated under subparagraph (A)(ii), as appropriate) on the basis of an application containing such information as the State may prescribe. Each application shall evidence an intent to establish and maintain the provision of comprehensive homeless assistance in the jurisdiction of the recipient, except that the State may waive this requirement with respect to one or more proposed activities, where the State determines that—

"(i) the activities are necessary to meet the needs of homeless individuals and families within the jurisdiction; and

"(ii) comprehensive homeless assistance is not necessary, due to the nature and extent of homelessness in the jurisdiction.

"(D) PREFERENCE FOR CERTAIN STATE RECIPIENTS.—In selecting State recipients and making awards under subparagraph (C), the State shall give preference to applications that demonstrate higher relative levels of homeless need and fiscal distress.

"(4) STATE OR HUD ADMINISTRATION OF GRANTS FOR INDIVIDUAL STATE RECIPIENTS.—If in any fiscal year a State distributes grant amounts to a State recipient, but the recipient fails to receive the amounts pursuant to paragraph (3)(A), the Secretary or the State, as the Secretary may provide, may distribute the amounts to private nonprofit organizations in the jurisdiction. If the Secretary distributes the amounts, the Secretary shall deduct the amounts distributed from the grant provided to the State for the fiscal year.

"(5) HUD ADMINISTRATION OF STATE PROGRAM.—If a State elects pursuant to paragraph (1)(B) to have the Secretary administer grant amounts for the State received under section 409, the Secretary may distribute grant amounts to State re-

cipients for the State, in accordance with requirements and procedures prescribed by the Secretary. The Secretary shall establish criteria for selecting recipients and making awards under this paragraph, which shall include giving preference to applications that demonstrate higher relative levels of homeless need and fiscal distress.

"SEC. 411. CITIZEN PARTICIPATION.

"(a) IN GENERAL.—Each grantee who is not a State recipient shall ensure that citizens, and appropriate private nonprofit organizations and other interested groups and entities, participate fully in developing and carrying out the program for providing assistance under this subtitle in the jurisdiction of the recipient. The Secretary shall prescribe such requirements to carry out this section as the Secretary deems appropriate, which shall include requirements applicable to the homeless assistance planning boards referred to in subsection (b) and the citizen participation provisions of subsection (c), and the timing of, and sequence for, carrying out the requirements of such subsections.

"(b) HOMELESS ASSISTANCE PLANNING BOARDS.—

"(1) ESTABLISHMENT.—As a condition of a grantee who is not a State recipient receiving assistance under this subtitle, the chief executive officer of the appropriate unit government in the jurisdiction of

the grantee shall establish a homeless assistance planning board under this subsection.

"(2) FUNCTIONS.—Each board under this subsection shall assist the recipient in—

"(A) determining whether grant amounts of the grantee should be administered by the grantee, a public agency or private nonprofit organization, or the State or the Secretary, under subsections (a) and (b) of section 410;

(B) developing the application under section 408;

(C) overseeing the activities carried out with assistance under this subtitle; and

(D) evaluating the performance of the grantee (and recipients of the grantee) in carrying out such activities.

"(3) MEMBERSHIP.—Each board under this subsection shall consist of members appointed by the chief executive officer referred to in paragraph (1) (subject to recommendations in accordance with paragraph (4)), and shall include—

"(A) not less than one member representing homeless individuals and families;

"(B) not less than one member representing homeless advocates;

"(C) not less than one member representing individuals and entities providing assistance to homeless individuals and families, including agencies of units of general local government providing Federal assistance;

"(D) not less than one member representing the business community;

"(E) not less than 1 member representing labor;

"(F) not less than one member who is a community representative;

"(G) not less than one member of the local board established for the jurisdiction for purposes of allocating amounts under the emergency food and shelter program of the Federal Emergency Management Agency;

"(H) not less than one member representing the grantee; and

"(I) in the case of a grantee that is a State—

"(i) one member representing the State agency or instrumentality dealing with mental health; and

"(ii) one member representing the State agency or instrumentality dealing with education.

"(4) DISTRIBUTION OF MEMBERSHIP.—Not less than 50 percent of the members of each board under this subsection (including the members required under subparagraphs (A), (B), (C), and (G) of paragraph (3)) shall be individuals who were recommended for membership by individuals and entities other than a unit of general local government or any agency thereof.

"(5) BOARD REVIEW.—

"(A) APPLICANTS.—No eligible grantee may submit an application to the Secretary under section 408, and no grantee may submit to the Secretary a performance report under subsection 413(a), unless the board under this subsection for the jurisdiction of the grantee has reviewed, and been provided an opportunity to include any comments of the board in, the application or report.

"(B) STATE RECIPIENTS.—No State recipient may submit an application under section 410(b)(3) or a performance report to a State, unless the board under this subsection for the ju-

risdiction has reviewed, and been provided an opportunity to include any comments of the board in, the application or report.

"(6) REVIEW BY SECRETARY.—A member or members of the board under this subsection for a jurisdiction or other members of the community may request the Secretary to review process for constituting or operating the board to determine whether the process is fair. If the Secretary finds that the process is unfair and submits a written justification to the board within 15 days of the request for review, the Secretary may disapprove the application under section 408 for the jurisdiction or refuse to accept a performance report under section 413(a).

"(7) CONFLICTS OF INTEREST.—The Secretary shall prescribe standards governing potential conflicts of interest under which members of boards under this subsection may participate in activities carried out under this subtitle.

"(c) INVOLVEMENT OF CITIZENS AND OTHERS.—

"(1) IN GENERAL.—Each recipient shall—

"(A) make available to its citizens, public agencies, and other interested parties information concerning the amount of assistance the jurisdiction expects to receive and the range of ac-

tivities that may be undertaken with the assistance;

"(B) publish the proposed application in a manner that, in the determination of the Secretary, affords affected citizens, public agencies, and other interested parties a reasonable opportunity to examine its content and to submit comments on it;

"(C) hold one or more public hearings to obtain the views of citizens, public agencies, and other interested parties on the housing needs of the jurisdiction; and

"(D) provide citizens, public agencies, and other interested parties with reasonable access to records regarding any uses of any assistance the recipient may have received under this subtitle during the preceding 5 years.

"(2) NOTICE AND COMMENT.—Before submitting any performance report under section 413(a) or any substantial amendment to an application under section 408, a recipient shall provide citizens with reasonable notice of, and opportunity to comment on, the performance report or application.

"(3) CONSIDERATION OF COMMENTS.—A recipient shall consider any comments or views of citizens

in preparing a final application, amendment to an application, or performance report for submission. A summary of such comments or views shall be attached when an application, amendment to an application, or performance report is submitted. The submitted application, amendment, or report shall be made available to the public.

"(4) AUTHORITY OF SECRETARY.—The Secretary shall establish procedures appropriate and practicable for providing a fair hearing and timely resolution of citizen complaints related to applications or performance reports under this subtitle.

"(d) REQUIREMENTS FOR CITIZEN PARTICIPATION FOR STATE RECIPIENTS AND RECIPIENTS OF AMOUNTS FROM THE SECRETARY.—

"(1) STATE RECIPIENTS.—The State may prescribe citizen participation requirements comparable (to the extent appropriate) to the requirements under the preceding provisions of this section for cases in which a State distributes grant amounts to State recipients, as provided in section 410(b)(2).

"(2) RECIPIENTS FROM SECRETARY.—The Secretary may prescribe citizen participation requirements comparable (to the extent appropriate) to the

requirements under the preceding provisions of this section for cases in which the Secretary—

"(A) administers the grant amounts of an allocation unit of general local government, as provided in section 410(a)(4); or

"(B) distributes grant amounts to recipients, as provided in paragraph (3), (4), or (5) of section 410(b).

"(3) INAPPLICABLE LAWS.—The Federal Advisory Committee Act and section 12 of the Department of Housing and Urban Development Act shall not apply with respect to the actions of the Secretary referred to in paragraph (2). The Secretary shall establish appropriate standards under this paragraph to ensure the integrity of the process for awarding assistance.

"SEC. 412. APPLICABILITY OF OTHER PROVISIONS.

"(a) FLOOD ELEVATION REQUIREMENTS.—Flood protection standards applicable to housing acquired, rehabilitated, or assisted under this subtitle shall be no more restrictive than the standards applicable to any other program administrated by the Secretary.

"(b) ENVIRONMENTAL PROTECTION.—The provisions of, and regulations and procedures applicable under, section 104(g) of the Housing and Community Development Act

of 1974 shall apply to assistance and projects under this subtitle.

"(c) GAO AUDITS.—Insofar as they relate to funds provided under this subtitle, the financial transactions of grantees and project sponsors may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files and other papers, things, or property belonging to, or in use by such grantees, and project sponsors pertaining to the financial transactions and necessary to facilitate the audit.

"SEC. 413. REPORTS, REVIEWS, AND AUDITS.

"(a) GRANTEE PERFORMANCE REPORT.—Each grantee shall submit to the Secretary a performance and evaluation report concerning the use of funds made available under this subtitle. The report shall be submitted at such time and contain such information as the Secretary shall prescribe, and shall be made available to the relevant boards referred to in section 411(b) and to citizens, public agencies, and other interested parties in the jurisdiction of the grantee in sufficient time to permit the board and the citizens, public agencies, and other interested parties to comment on the report before submission.

"(b) REVIEWS AND AUDITS.—The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

"(1) in the case of a grantee (other than a grantee referred to in paragraph (2)), whether the grantee—

"(A) has carried out its activities in a timely manner;

"(B) has made progress toward establishing and maintaining the comprehensive homeless assistance system in conformity with its application under this subtitle;

"(C) has carried out its activities and certifications in accordance with the requirements of this subtitle and other applicable laws; and

"(D) has a continuing capacity to carry out its activities in a timely manner; and

"(2) in the case of States distributing grant amounts to State recipients, whether the State—

"(A) has distributed amounts to State recipients in a timely manner and in conformance with the method of distribution described in its application;

"(B) has carried out its activities and certifications in compliance with the requirements of this subtitle and other applicable laws; and

"(C) has made such reviews and audits of the State recipients as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria contained in paragraph (1).

The Secretary may make appropriate adjustments in the amount of grants in accordance with the Secretary's findings under this subsection. With respect to assistance made available for State recipients, the Secretary may adjust, reduce, or withdraw such assistance, or take other action as appropriate in accordance with the Secretary's reviews and audits under this subsection, except that amounts already properly expended on eligible activities under this subtitle shall not be recaptured or deducted from future assistance to such recipients.

"SEC. 414. NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES.

"(a) IN GENERAL.—No person in the United States shall on the ground 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 funds made

available under this subtitle. 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) LIMITATIONS.—

''(1) INDIAN TRIBES.—No grant may be made under this subtitle to an Indian tribe unless the applicant provides satisfactory assurances that its program will be conducted and administered in conformity with title II of Public Law 90–284. The Secretary may waive, in connection with grants to Indian tribes, the provisions of subsection (a).

''(2) HAWAIIAN HOME LANDS.—The provisions of this subtitle relating to discrimination on the basis of race shall not apply to the provision of assistance under this subtitle to the Hawaiian Home Lands.

''SEC. 415. CONSULTATION.

''In carrying out the provisions of this subtitle, including the issuance of regulations, the Secretary shall consult with other Federal agencies administering programs affecting homeless individuals and families through the Interagency Council on the Homeless established under title II.

"SEC. 416. RECORDS, REPORTS, AND AUDITS.

"(a) KEEPING OF RECORDS.—Any recipient (including a State distributing grant amounts to State recipients as provided in section 410(b)(2)) shall keep such records as may be reasonably necessary—

"(1) to disclose the amounts and the disposition of the grant amounts; and

"(2) to ensure compliance with the requirements of this subtitle.

"(b) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of any recipient specified in subsection (a) that are pertinent to grant amounts received in connection with, and the requirements of, this subtitle.

"(c) 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 of any recipient specified in subsection (a) that are pertinent to grant amounts received in connection with, and the requirements of, this subtitle.

"SEC. 417. REPORTS TO CONGRESS.

"The Secretary shall submit a report to the Congress annually, summarizing the activities carried out under this

subtitle and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities. The report shall be submitted not later than 4 months after the end of each fiscal year (except that, in the case of fiscal year 1995, the report shall be submitted not later than 6 months after the end of the fiscal year).

"CHAPTER 2—ELIGIBLE ACTIVITIES

"SEC. 431. HOMELESSNESS PREVENTION.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for activities designed to help persons and families described in subsection (b) avoid becoming homeless, which shall include assistance for making mortgage payments, rental payments, and utility payments and any activities other than those found by the Secretary to be inconsistent with the purposes of this Act.

"(b) REQUIREMENTS FOR ASSISTANCE.—Assistance may be provided under this section only to very low-income persons and families who have received eviction (or mortgage delinquency or foreclosure) notices or notices of termination of utility services and who—

"(1) are unable to make the required payments due to a sudden reduction in income;

"(2) need such assistance to avoid the eviction or termination of services; and

"(3) have a reasonable prospect of being able to resume payments within a reasonable period of time.

"SEC. 432. EMERGENCY SHELTER.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

"(1) the renovation, major rehabilitation, or conversion of a building or buildings to be used as emergency shelters;

"(2) the provision of supportive services, if such services do not supplant any services provided by the local government during any part of the 12-month period ending on the date of the commencement of the operation of the emergency shelter; and

"(3) maintenance, operation, insurance, utilities, and furnishings for emergency shelters.

"(b) DEFINITION.—A project shall be considered emergency shelter for purposes of this section if the project is designed to provide overnight sleeping accommodations for homeless persons. An emergency shelter may include appropriate eating and cooking accommodations.

"(c) PROGRAM REQUIREMENTS.—A recipient may use grant amounts under this subtitle for an emergency shelter project only if the project sponsor has agreed that it will—

"(1) in the case of assistance involving major rehabilitation or conversion of a building, maintain the

building as a shelter for homeless individuals and families for not less than a 10-year period unless, within such 10-year period, the need for maintaining the building as a full-time shelter ceases to exist and the building is used for the remainder of such period to carry out other eligible activities under this subtitle;

''(2) in the case of assistance involving rehabilitation (other than major rehabilitation or conversion of a building), maintain the building as a shelter for homeless individuals and families for not less than a 3-year period; or

''(3) in the case of assistance involving only activities described in paragraphs (2) and (3) of subsection (a), provide services or shelter to homeless individuals and families at the original site or structure or other sites or structures serving the same general population for the period during which such assistance is provided;

''(4) comply with the standards of habitability prescribed under subsection (d) by the Secretary and (if applicable) the State or unit of general local government; and

''(5) assist homeless persons in obtaining—

"(A) appropriate supportive service, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

"(B) other Federal, State, local, and private assistance available for homeless persons.

"(d) MINIMUM STANDARDS OF HABITABILITY.—The Secretary shall prescribe such minimum standards of habitability as the Secretary determines to be appropriate to ensure that emergency shelters assisted under this section are environments that provide appropriate privacy, safety, and sanitary and other health-related conditions for homeless persons and families. Grantees may establish standards of habitability in addition to those prescribed by the Secretary.

"SEC. 433. SUPPORTIVE HOUSING FOR THE HOMELESS.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle to provide assistance to a project sponsor of supportive housing in the following manners:

"(1) ACQUISITION AND REHABILITATION.—Assistance may be provided in the form of an advance in an amount not exceeding cost of acquisition, substantial rehabilitation, or acquisition and rehabilita-

tion of an existing structure for use as supportive housing. The repayment of any outstanding debt owed on a loan made to purchase an existing structure shall be considered to be a cost of acquisition eligible for an advance under this paragraph if the structure was not used as supportive housing before the receipt of assistance.

"(2) MODERATE REHABILITATION.—Assistance may be provided in the form of a grant for moderate rehabilitation of an existing structure for use as supportive housing. Assistance under this paragraph shall not preclude assistance under paragraph (1).

"(3) OPERATING COSTS.—Assistance may be provided in the form of annual payments for operating costs of supportive housing (including supportive housing that is newly constructed with assistance provided from sources other than this subtitle) in an amount not exceeding 75 percent of the annual operating costs of such housing.

"(4) TECHNICAL ASSISTANCE.—Technical assistance may be provided in—

"(A) establishing supportive housing in an existing structure;

"(B) operating supportive housing in existing structures and in structures that are newly

constructed with assistance provided from sources other than this subtitle; and

"(C) providing supportive services to the residents of supportive housing (including supportive housing that is newly constructed with assistance provided from sources other than this subtitle).

"(5) EMPLOYMENT ASSISTANCE PROGRAM.—Assistance may be provided in the form of a grant for establishing and operating an employment assistance program for the residents of supportive housing, which shall include—

"(A) employment of residents in the operation and maintenance of the housing; and

"(B) the payment of the transportation costs of residents to places of employment.

"(6) SUPPORTIVE SERVICES.—Assistance may be provided in the form of a grant for costs of supportive services provided to homeless individuals. Any project sponsor, including program recipients under title IV of this Act before the date of the enactment of the Housing and Community Development Act of 1994, may reapply for such assistance or for the renewal of such assistance to continue services funded under prior grants or to provide other services.

"(7) CHILD CARE SERVICES.—Assistance may be provided in the form of a grant to establish and operate a child care services program for homeless families, which shall—

"(A) include—

"(i) establishing, licensing, and operating an on-site child care facility for the residents of transitional housing;

"(ii) making contributions for the child care costs of residents of transitional housing to existing community child care programs and facilities; and

"(iii) counseling designed to inform the residents of transitional housing of public and private child care services for which they are eligible; and

"(B) provide only child care services that comply with any applicable State and local laws and regulations.

A grant under this paragraph for any child care services program may not exceed the amount equal to 75 percent of the cost of operating the program for a period not exceeding 5 years.

"(b) SUPPORTIVE HOUSING.—Housing for homeless individuals shall be considered to be supportive housing for purposes of this section if—

"(1) the housing is safe and sanitary and meets any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located;

"(2) the housing is—

"(A) transitional housing;

"(B) permanent housing for homeless persons with disabilities; or

"(C) a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless individuals and families (or is part of such a project); and

"(3) supportive services are provided in connection with the housing to address the special needs of homeless individuals intended to be served by the housing.

"(c) TRANSITIONAL HOUSING.—For purposes of this section, the term 'transitional housing' means housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months or such longer period as the Secretary determines necessary.

"(d) PERMANENT HOUSING FOR HOMELESS PERSONS WITH DISABILITIES.—For purposes of this section, the term 'permanent housing for homeless persons with disabilities' means community-based housing for homeless persons with disabilities that—

"(1) is a home designed solely for housing homeless persons with disabilities or dwelling units in a multifamily housing project, condominium project, or cooperative project;

"(2) in the case of a home, is located on a site that does not contain another home used for the same purposes and that is not contiguous to another site containing a home used for the same purposes; and

"(3) provides long-term housing and supportive services for not more than—

"(A) 8 such persons in a single structure or contiguous structures;

"(B) 16 such persons, but only if not more than 20 percent of the units in a structure are designated for such persons; or

"(C) more than 16 persons if the applicant demonstrates that local market conditions dictate the development of a large project and such development will achieve the neighborhood integra-

tion objectives of the program within the context of the affected community.

"(e) PROGRAM REQUIREMENTS.—

"(1) REQUIRED AGREEMENTS.—A recipient may use grant amounts under this subtitle for a supportive housing project under this section only if the project sponsor for the project has agreed—

"(A) to operate the proposed project as supportive housing for not less than 10 years;

"(B) to conduct an ongoing assessment of the supportive services required by the residents of the project;

"(C) to provide such residential supervision as the Secretary determines is necessary to facilitate the adequate provision of supportive services to the residents of the project; and

"(D) to comply with such other terms and conditions as the Secretary or recipient may establish for purposes of carrying out this program in an effective and efficient manner.

"(2) OCCUPANT CHARGE.—Each homeless individual or family residing in a project assisted under this section that provides supportive housing may be required to pay an occupancy charge in an amount determined by the project sponsor, which may not ex-

ceed the amount determined under section 3(a) of the United States Housing Act of 1937. Occupancy charges paid may be reserved, in whole or in part, to assist residents in moving to permanent housing.

"(f) SINGLE ROOM OCCUPANCY DWELLINGS.—A project assisted under this section may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in projects containing some or all such dwelling units.

"SEC. 434. SAFE HAVENS FOR HOMELESS INDIVIDUALS.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

"(1) the construction of a structure for use in providing a safe haven or the acquisition, rehabilitation, or acquisition and rehabilitation of an existing structure for use in providing a safe haven;

"(2) the leasing of an existing structure for use in providing a safe haven;

"(3) operating costs of a safe haven;

"(4) costs of administering a safe haven program, in an amount not exceeding 10 percent of the amounts made available for activities under paragraphs (1) through (3);

"(5) conducting outreach activities designed to inform eligible persons about and attract them to a safe haven program;

"(6) the provision of low-demand services and referrals for residents of a safe haven; and

"(7) conducting other activities that further the purposes of this section, including the modification of an existing facility to use a portion of a facility to provide a safe haven.

"(b) DEFINITION.—For purposes of this section, the term 'safe haven' means housing for homeless persons who, at the time, are unwilling or unable to participate in mental health treatment programs or to receive other supportive services. Such a facility may provide—

"(1) 24-hour residence for eligible persons who may reside for an unspecified duration;

"(2) private or semiprivate accommodations;

"(3) common use of kitchen facilities, dining rooms, and bathrooms;

"(4) supportive services to eligible persons who are not residents on a drop-in basis; and

"(5) overnight occupancy limited to no more than 25 persons.

"(c) ELIGIBILITY FOR SSI AND MEDICAID.—

"(1) SUPPLEMENTAL SECURITY INCOME.—All provisions of the supplemental security income program under title XVI of the Social Security Act and of State programs in supplementation thereof shall apply to participants in the safe havens demonstration program under this subtitle, except that no individual living in a safe haven shall—

"(A) be considered an inmate of a public institution (as provided in section 1611(e)(1)(A) of such Act); or

"(B) have benefits under such title XVI reduced or terminated because of the receipt of support and maintenance (as provided in section 1612(a)(2)(A) of such Act), to the extent such support and maintenance is received as a result of participation in the safe havens demonstration program.

"(2) MEDICAID.—A safe haven shall not be considered a hospital, nursing facility, institution for mental disease as defined under section 1905(i) of the Social Security Act, or any other inpatient facility, for purposes of the programs under title XIX of such Act, and individuals shall not be denied eligibility for Medicaid because of residency in such residence.

"SEC. 435. SHELTER PLUS CARE.

"(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle to provide shelter plus care for homeless persons with disabilities (primarily persons who have severe and persistent mental or emotional impairments that seriously limit a person's ability to live independently, have chronic programs with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the families of such persons.

"(b) DEFINITION.—For purposes of this section, the term 'shelter plus care' means rental housing assistance, in connection with supportive services funded from sources other than under this section. Such rental housing assistance may be tenant-based, project-based, or sponsor-based.

"SEC. 436. ADMINISTRATIVE AND CAPACITY-BUILDING EXPENSES.

"(a) AVAILABILITY OF GRANT AMOUNTS.—A recipient may use grant amounts under this subtitle for the following expenses:

"(1) ADMINISTRATIVE EXPENSES.—During—

"(A) the first year in which a recipient receives grant amounts under this subtitle, for administrative expenses in connection with planning the development of, and establishing, its program under this subtitle;

"(B) subsequent years, to defray the cost of administering the program; and

"(C) any year in which a recipient receives grant amounts under this subtitle, to defray the cost of establishing and operating the board referred to in section 411(b).

Not more than 5 percent of any amounts provided to a recipient under this subtitle for a fiscal year may be used for activities under this paragraph.

"(2) CAPACITY BUILDING FOR NONPROFIT ORGANIZATIONS.—For building the capacity of private nonprofit organizations to participate in the comprehensive homeless assistance system of the recipient, except that not more than 2 percent of any amounts provided to a recipient under this subtitle for a fiscal year may be used for activities under this paragraph.

"(b) PROVISION OF ADMINISTRATIVE EXPENSES FOR CERTAIN ENTITIES.—

"(1) PROVISION OF AMOUNTS.—Any recipient under paragraph (2) shall make available, to defray the administrative expenses of the designee or the State, not more than 5 percent from amounts eligible for this purpose under subsection (a)(1).

"(2) RECIPIENTS COVERED.—The recipients under this paragraph shall be—

"(A) any allocation unit of general local government, Indian Tribe, or insular area, that designates a public agency or a private nonprofit organization under section 410(a)(2);

"(B) any State recipient that designates a public agency or a private nonprofit organization under section 410(b)(3)(A)(ii); and

"(C) any State recipient that enters into an agreement under section 410(b)(3)(A)(iii) with a State.

"SEC. 437. OTHER APPROVED ACTIVITIES.

"The Secretary, in cooperation with grantees, recipients, and other appropriate parties, shall develop additional activities to carry out the purposes of this subtitle. A recipient may use grants amounts under this subtitle to carry out any such activities developed and approved by the Secretary.

"Subtitle B—Other Permanent Housing Assistance Programs for the Homeless".

SEC. 812. REGULATIONS.

Not later than 60 days after the date of enactment of this Act, the Secretary of Housing and Urban Development shall by notice establish any requirements necessary to carry out the provisions contained in the amendments made

by this chapter. Based on such notice, the Secretary shall issue regulations to carry out such provisions not later than 12 months after the date of the enactment of this Act.

SEC. 813. TRANSITION PROVISIONS.

(a) IN GENERAL.—Notwithstanding the provisions of subtitle A of title IV of the Stewart B. McKinney Homeless Assistance Act (as amended by this chapter), during fiscal year 1995, the Secretary of Housing and Urban Development shall allocate homeless assistance made available under title IV of the Stewart B. McKinney Homeless Assistance Act in accordance with the regulations for such title in effect immediately before the enactment of this Act. Of any amounts appropriated to carry out section 2 of the HUD Demonstration Act of 1993 in fiscal year 1995, the Secretary may use not more than 10 percent for providing technical assistance to assist recipients under subtitle A of title IV of the Stewart B. McKinney Homeless Assistance Act (as amended by this chapter) to establish a program for providing homeless assistance in accordance with the provisions of such subtitle.

(b) REPORT ON SINGLE ROOM OCCUPANCY ASSISTANCE.—Not later than July 1, 1995, the Secretary shall submit a report to the Congress evaluating the effectiveness of combining the programs for assistance for single room occupancy dwellings under sections 451 and 452 of the

Stewart B. McKinney Homeless Assistance Act (as so redesignated and amended by this Act) into the program for assistance under subtitle A of title IV of such Act and, if effective, describing how to provide such assistance under the program under such subtitle A.

CHAPTER 2—OTHER HOUSING ASSISTANCE PROGRAMS FOR THE HOMELESS UNDER MCKINNEY ACT

SEC. 821. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCUPANCY DWELLINGS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 451(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(a)), as so redesignated by section 811(3) of this Act, is amended to read as follows:

''(a) INCREASE IN BUDGET AUTHORITY.—The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8(e)(2) of such Act (as in effect immediately before October 1, 1991) is authorized to be increased by $200,000,000 on or after October 1, 1994, and by $206,000,000 on or after October 1, 1995.''.

(b) PROGRAM CHANGES.—Section 451 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(a)), as so redesignated by section 811(3) of this Act, is amended—

(1) in the second sentence of subsection (c), in the matter preceding paragraph (1), by striking ''containing'' and inserting the following: ''for the provision of assistance under this section that is specifically provided for in the comprehensive homeless assistance described in the application under section 408 of the relevant eligible grantee and that contains''; and

(2) in subsection (j)(1), by inserting ''recipient under subtitle A,'' after ''authority,''.

SEC. 822. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE SINGLE ROOM OCCUPANCY DWELLINGS.

Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended by inserting after section 451, as so redesignated by section 811(3) of this Act, the following new section:

''SEC. 452. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE SINGLE ROOM OCCUPANCY DWELLINGS.

''(a) PURPOSE.—The purpose of the program under this section is to provide assistance for the moderate rehabilitation of single room occupancy housing to be made available for rental, in connection with supportive services funded from sources other than this section, to homeless persons with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or

both, or have acquired immunodeficiency syndrome and related diseases) and the families of such persons.

"(b) MODERATE REHABILITATION ASSISTANCE.—The Secretary may use amounts made available to carry out this section for moderate rehabilitation of single room occupancy housing described in section 8(l) of the United States Housing Act of 1937 for occupancy by eligible persons in accordance with this section. Such amounts may be used in connection with the moderate rehabilitation of efficiency units if the building owner agrees to pay the additional cost of rehabilitating and operating the efficiency units.

"(c) FUNDING LIMITATIONS.—

"(1) TARGETED POPULATIONS.—To the maximum extent practicable, the Secretary shall reserve not less than 50 percent of all amounts made available to carry out this section for homeless individuals who are seriously mentally ill or have chronic problems with alcohol, drugs, or both.

"(2) GEOGRAPHICAL LIMITATION.—Of the assistance made available under this section for any fiscal year, not more than 10 percent may be used for programs located within any one unit of general local government.

"(d) SUPPORTIVE SERVICES REQUIREMENTS.—

"(1) REQUIREMENT OF MATCHING AMOUNTS.—Each recipient of assistance under this section shall supplement the assistance provided under this section with an equal amount of funds for supportive services from sources other than this section. Each recipient shall certify to the Secretary its compliance with this paragraph, and shall include with the certification a description of the sources and amounts of such supplemental funds.

"(2) DETERMINATION OF MATCHING AMOUNTS.—In calculating the amount of supplemental funds provided under this section, a recipient may include the value of any lease on a building, any salary paid to staff to carry out the program of the recipient, and the value of the time and services contributed by volunteers to carry out the program of the recipient at a rate determined by the Secretary.

"(3) RECAPTURE.—If the supportive services and funding for the supportive services required by this subsection are not provided by a recipient, the Secretary may recapture any unexpended housing assistance provided under this section to the recipient.

"(e) CONTRACT REQUIREMENTS.—Each contract for annual contributions entered into by the Secretary with a

public housing agency to obligate budget authority made available to carry out this section shall—

"(1) commit the Secretary to make the authority available to the public housing agency for an aggregate period of 10 years, and require that any amendments increasing the authority shall be available for the remainder of such 10-year period;

"(2) provide the Secretary with the option to renew the contract for an additional period of 10 years, subject to the availability of authority;

"(3) provide that, notwithstanding any other provision of law, first priority for occupancy of housing rehabilitated under this section shall be given to homeless persons; and

"(4) require installation in the housing assisted of a sprinkler system that protects all major spaces, hard-wired smoke detectors, and any other fire safety improvements as may be required by State or local law.

For purposes of this subsection, the term 'major spaces' means hallways, large common areas, and other areas specified in local fire, building, or safety codes.

"(f) APPLICATIONS.—

"(1) IN GENERAL.—An application for rental housing assistance under this section shall be submit-

ted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

"(2) MINIMUM CONTENTS.—The Secretary shall require that an application identify the need for the assistance in the community to be served and shall contain at a minimum—

"(A) a request for housing assistance under this section specifying the number of units requested and the amount of necessary budget authority;

"(B) a description of the size and characteristics of the population of eligible persons;

"(C) an identification of the need for the program in the community to be served;

"(D) the identity of the proposed service provider or providers (which may be, or include, the applicant) and a statement of the qualifications of the provider or providers;

"(E) a description of the supportive services that the applicant proposes to assure will be available for eligible persons;

"(F) a description of the resources that are expected to be made available to provide the supportive services required by subsection (d);

"(G) a description of the mechanisms for developing a housing and supportive services plan for each person and for monitoring each person's progress in meeting that plan;

"(H) reasonable assurances satisfactory to the Secretary that the supportive services will be provided for the full term of the housing assistance under this section and a certification from the applicant that it will fund the supportive services itself if the planned resources do not become available for any reason;

"(I) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the unit of general local government within which housing assistance under this section will be provided; and

"(J) identification of the specific structures that the recipient is proposing for assistance.

"(g) SELECTION CRITERIA.—The Secretary shall establish selection criteria for a national competition for assistance under this section which shall include—

"(1) the ability of the applicant to develop and operate the proposed assisted housing and supportive services program, taking into account the quality of any ongoing program of the applicant;

"(2) geographic diversity among the projects to be assisted;

"(3) the need for a program providing housing assistance and supportive services for eligible persons in the area to be served;

"(4) the quality of the proposed program for providing supportive services and housing assistance;

"(5) the extent to which the proposed funding for the supportive services is or will be available;

"(6) the extent to which the project would meet the needs of the homeless persons proposed to be served by the program;

"(7) the extent to which the program integrates program recipients into the community served by the program;

"(8) the cost-effectiveness of the proposed program; and

"(9) such other factors as the Secretary specifies in regulations to be appropriate for purposes of carrying out the program established by this section in an effective and efficient manner.

"(h) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each recipient of assistance under this section to provide for the consultation and participation of not less than one homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any housing assisted under this section or services for such housing. The Secretary may grant waivers to recipients unable to meet the requirement under the preceding sentence if the recipient agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

"(i) REQUIRED AGREEMENTS.—The Secretary may not approve assistance under this section for an applicant unless the applicant agrees—

"(1) to operate the proposed program in accordance with the provisions of this section;

"(2) to conduct an ongoing assessment of the housing assistance and supportive services required by the participants in the program;

"(3) to ensure the adequate provision of supportive services to the participants in the program;

"(4) to comply with such other terms and conditions as the Secretary may establish for purposes of

carrying out the program in an effective and efficient manner; and

"(5) to the maximum extent practicable, to involve homeless individuals and families, through employment volunteer services, or otherwise, in constructing or rehabilitating housing assisted under this section and in providing services required under this section.

"(j) HOUSING STANDARDS AND RENT REASONABLENESS.—

"(1) STANDARDS REQUIRED.—The Secretary shall require that—

"(A) before any assistance may be provided to or on behalf of a person, each unit assisted under this section shall be inspected by the applicant directly or by another entity, including the local public housing agency, to determine that the unit meets the housing quality standards under section 8 of the United States Housing Act of 1937 and that the occupancy charge for the dwelling unit is reasonable; and

"(B) the recipient shall make at least annual inspections of each unit assisted under this section during the term of the contract for such assistance.

"(2) PROHIBITION.—No assistance may be provided under this section for a dwelling unit (A) for which the occupancy charge is not reasonable, or (B) which fails to meet the housing standards, unless the owner promptly corrects the deficiency and the recipient verifies the correction.

"(k) TENANT RENT.—Each tenant of a dwelling unit assisted under this section shall pay as rent an amount determined in accordance with the provisions of section 3(a)(1) of the United States Housing Act of 1937.

"(l) ADMINISTRATIVE FEES.—From amounts made available to carry out this section, the Secretary shall make amounts available to pay the entity administering the housing assistance an administrative fee in an amount determined appropriate by the Secretary for the costs of administering the housing assistance.

"(m) OCCUPANCY.—

"(1) OCCUPANCY AGREEMENT.—The occupancy agreement between a tenant and an owner of a dwelling unit assisted under this section shall be for at least one month.

"(2) VACANCY PAYMENTS.—If an eligible person vacates a dwelling unit assisted under this section before the expiration of the occupancy agreement, no assistance payment may be made with respect to the

unit after the month that follows the month during which the unit was vacated, unless it is occupied by another eligible person.

"(n) TERMINATION OF ASSISTANCE.—

"(1) AUTHORITY.—If an eligible individual who receives assistance under this section violates program requirements, the recipient may terminate assistance in accordance with the process established pursuant to paragraph (2).

"(2) PROCEDURE.—In terminating assistance under this paragraph, the recipient shall provide a formal process that recognizes the rights of individuals receiving such assistance to due process of law.

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

"(1) The term 'acquired immunodeficiency syndrome and related diseases' has the meaning given such term in section 853 of the Cranston-Gonzalez National Affordable Housing Act.

"(2) The term 'applicant' means a State, unit of general local government, Indian tribe, or public housing agency.

"(3) The term 'eligible person' means a homeless person with disabilities (primarily persons who are seriously mentally ill, have chronic problems with al-

cohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the family of such a person.

''(4) The term 'Indian tribe' has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

''(5) The term 'nonprofit organization' has the meaning given such term by section 104 of the Cranston-Gonzalez National Affordable Housing Act, and includes community mental health centers established as public nonprofit organizations.

''(6) The term 'person with disabilities' has the meaning given such term in section 811 of the Cranston-Gonzalez National Affordable Housing Act.

''(7) The term 'public housing agency' has the meaning given such term in section 3(b) of the United States Housing Act of 1937.

''(8) The term 'recipient' means an applicant approved for participation in the program to provide assistance under this section.

''(9) The term 'Secretary' means the Secretary of Housing and Urban Development.

''(10) The term 'seriously mentally ill' means having a severe and persistent mental or emotional

impairment that seriously limits a person's ability to live independently.

"(11) The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and any other territory or possession of the United States.

"(12) The term 'supportive services' means assistance that the Secretary determines (A) addresses the special needs of eligible persons; and (B) provides appropriate services or assists such persons in obtaining appropriate services, including health care, mental health services, substance and alcohol abuse services, child care services, case management services, counseling, supervision, education, job training, and other services essential for achieving and maintaining independent living. Inpatient acute hospital care shall not qualify as a supportive service.

"(13) The term 'unit of general local government' has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

"(p) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing assistance under this section, there are

authorized to be appropriated $75,000,000 for fiscal year 1995 and $75,000,000 for fiscal year 1996.''.

SEC. 823. RURAL HOMELESSNESS GRANT PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 453(l)(1) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11408(l)(1)), as so redesignated by section 811(3) of this Act, is amended to read as follows:

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $32,197,800 for fiscal year 1995 and $33,163,734 for fiscal year 1996.''.

(b) TRANSFER TO DEPARTMENT OF AGRICULTURE.—Section 453 of the Stewart B. McKinney Homeless Assistance Act, as so redesignated by section 811(3) of this Act, is amended—

(1) in subsection (a), by striking ''Secretary of Housing and Urban Development'' and inserting ''Secretary of Agriculture''; and

(2) in subsection (k), by striking paragraph (3) and inserting the following new paragraph:

''(3) The term 'Secretary' means the Secretary of Agriculture.''.

SEC. 824. CLERICAL AMENDMENT.

The table of contents in section 101(b) of the Stewart B. McKinney Homeless Assistance Act is amended by strik-

1 *ing the items relating to title IV and inserting the following*

2 *new items:*

''TITLE IV—HOUSING ASSISTANCE

''Subtitle A—Flexible Grant Program

''CHAPTER 1—GENERAL PROVISIONS

''Sec. 401. Purposes.
''Sec. 402. Authorization of appropriations.
''Sec. 403. Definitions.
''Sec. 404. Provision of grants.
''Sec. 405. Comprehensive homeless assistance.
''Sec. 406. Matching requirements.
''Sec. 407. Responsibilities of grantees and project sponsors.
''Sec. 408. Application.
''Sec. 409. Allocation and distribution of funds.
''Sec. 410. Administration of program.
''Sec. 411. Citizen participation.
''Sec. 412. Applicability of other provisions.
''Sec. 413. Reports, reviews, and audits.
''Sec. 414. Nondiscrimination in programs and activities.
''Sec. 415. Consultation.
''Sec. 416. Records, reports, and audits.
''Sec. 417. Reports to Congress.

''CHAPTER 2—ELIGIBLE ACTIVITIES

''Sec. 431. Homelessness prevention.
''Sec. 432. Emergency shelter.
''Sec. 433. Supportive housing for the homeless.
''Sec. 434. Safe havens for homeless individuals.
''Sec. 435. Shelter plus care.
''Sec. 436. Administrative and capacity-building expenses.
''Sec. 437. Other approved activities.

''Subtitle B—Other Permanent Housing Assistance Programs for the Homeless

''Sec. 451. Section 8 assistance for single room occupancy dwellings.
''Sec. 452. Section 8 assistance for shelter plus care single room occupancy dwellings.
''Sec. 453. Rural homelessness grant program.
''Sec. 454. Use of FMHA inventory for transitional housing for homeless persons and for turnkey housing.''.

CHAPTER 3—MISCELLANEOUS HOMELESS HOUSING PROVISIONS

SEC. 831. INNOVATIVE HOMELESS PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 2(f) of the HUD Demonstration Act of 1993 is amended to read as follows:

''(f) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $100,000,000 for fiscal year 1995.

''(2) USE OF AMOUNTS.—Any amounts appropriated under paragraph (1) may be used only to carry out the comprehensive homeless initiative under subsection (c).''.

(b) EXTENSION OF PROGRAM.—Section 2(g) of the HUD Demonstration Act of 1993 (42 U.S.C. 11301 note) is amended by striking ''1994'' and inserting ''1995''.

SEC. 832. FHA SINGLE FAMILY PROPERTY DISPOSITION.

Section 1407 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 4034) is amended by striking subsections (a) and (b) and inserting the following new subsections:

''(a) IMMEDIATE AVAILABILITY.—In carrying out the program for disposition of single family properties acquired by the Department of Housing and Urban Development for

use by the homeless under subpart E of part 291 of title 24, Code of Federal Regulations, the Secretary of Housing and Urban Development shall make any eligible property available for lease under such program without listing and making such property generally available for sale for any intervening period.

''(b) DISCOUNT.—Any property made available for sale under the program referred to in subsection (a) shall be made available at a price equal to the fair market value of the property less a 20 percent discount.''.

Subtitle B—Interagency Council on the Homeless

SEC. 841. AUTHORIZATION OF APPROPRIATIONS.

Section 208 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11318) is amended to read as follows:

''SEC. 208. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title $1,609,890 for fiscal year 1995 and $1,658,187 for fiscal year 1996.''.

SEC. 842. CHAIRPERSON.

Section 202(b) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11312(b) is amended to read as follows:

''(b) CHAIRPERSON AND VICE CHAIRPERSON.—

''(1) CHAIRPERSON.—The Council shall elect a Chairperson from among its members, who shall have a term of 2 years. A member of the Council by reason of any of paragraphs (1) through (16) of subsection (a) who serves as Chairperson for a term may not be elected to serve as Chairperson for the succeeding term. The preceding sentence shall not apply to any member serving as Chairperson on the date of the enactment of the Housing and Community Development Act of 1994.

''(2) VICE CHAIRPERSON.—The Vice Chairperson of the Council shall have a term of 2 years and shall be—

''(A) the Secretary of Housing and Urban Development, if such Secretary is not elected as the Chairperson of the Council; or

''(B) elected by the Council from among its members, if the Secretary of Housing and Urban Development is elected as the Chairperson of the Council.''.

SEC. 843. EXTENSION.

Section 209 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11319) is amended by striking ''October 1, 1994'' and inserting ''October 1, 1996''.

Subtitle C—Federal Emergency Management Agency Food and Shelter Program

SEC. 851. AUTHORIZATION OF APPROPRIATIONS.

Section 322 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11352) is amended to read as follows:

"SEC. 322. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title $193,186,800 for fiscal year 1995 and $198,982,404 for fiscal year 1996.''.

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