

103^D CONGRESS
1ST SESSION

S. 1299

To reform requirements for the disposition of multifamily property owned by the Secretary of Housing and Urban Development, enhance program flexibility, authorize a program to combat crime, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 28 (legislative day, JUNE 30), 1993

Mr. RIEGLE (for himself and Mr. SARBANES) (by request) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To reform requirements for the disposition of multifamily property owned by the Secretary of Housing and Urban Development, enhance program flexibility, authorize a program to combat crime, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE AND TABLE OF CONTENTS

4 SECTION 1. (a) SHORT TITLE.—This Act may be
5 cited as the “Housing and Community Development Act
6 of 1993”.

7 (b) TABLE OF CONTENTS.—

TITLE I—FHA MULTIFAMILY REFORMS

- Sec. 101. Multifamily property disposition.
- Sec. 102. Amend the requirement for State and local government right of first refusal.
- Sec. 103. Repeal State agency multifamily property disposition demonstration.
- Sec. 104. Demonstration: RTC marketing and disposition of multifamily properties owned by HUD.
- Sec. 105. Authorize civil money penalties against general partners and certain managing agents of multifamily projects.
- Sec. 106. Extend HUD review period for approval of management improvement and operating plans.
- Sec. 107. Use of flexible subsidy in preservation projects.
- Sec. 108. Delete requirement to reduce interest rates to avoid foreclosure on assigned mortgages.

TITLE II—ENHANCE PROGRAM FLEXIBILITY

Subtitle A—Office of Public and Indian Housing

- Sec. 201. Freeze fees for administration of the certificate and voucher programs.
- Sec. 202. Revitalization of severely distressed public housing.
- Sec. 203. Disallowance of earned income for residents who obtain employment.
- Sec. 204. Ceiling rents based on reasonable rental value.

Subtitle B—Office of Community Planning and Development

- Sec. 210. Economic revitalization initiative.
- Sec. 211. HOME investment partnerships.
- Sec. 212. Reduce HOPE 3 match requirement to 25 percent.

Subtitle C—Community Partnerships Against Crime

- Sec. 220. COMPAC program.

TITLE III—TECHNICAL AND OTHER AMENDMENTS

Subtitle A—Public and Assisted Housing

- Sec. 301. Correct the definition of family in the 1937 Act to clarify that families are not required to include children.
- Sec. 302. Eliminate requirement for identification of CIAP replacement needs.
- Sec. 303. Applicability of public housing amendments to Indian housing.
- Sec. 304. Increase the unit threshold above which PHAs are required to adopt project-based accounting.

Subtitle B—Multifamily Housing

- Sec. 310. Correct errors in multifamily mortgage limits.
- Sec. 311. FHA multifamily risk-sharing HFA pilot program amendments.
- Sec. 312. Subsidy layering review.

1 TITLE I—FHA MULTIFAMILY REFORMS

2 MULTIFAMILY PROPERTY DISPOSITION

3 SEC. 101. (a) SUBSIDIZED AND UNSUBSIDIZED
4 PROJECTS.—Section 203 of the Housing and Community
5 Development Amendments of 1978 is amended—

6 (1) in subsection (a)—

7 (A) by redesignating paragraphs (2)
8 through (6) as paragraphs (3) through (7), re-
9 spectively; and

10 (B) by striking paragraph (1) and insert-
11 ing in lieu thereof the following:

12 “(1) preserving so that they are available to
13 and affordable by low-income persons—

14 “(A) in the case of a subsidized or for-
15 merly subsidized multifamily housing project re-
16 ferred to in subsections (i)(2) (A) through (C),
17 all units in the project;

18 “(B) in the case of a subsidized or for-
19 merly subsidized project referred to in sub-
20 section (i)(2)(D), all units in the project that
21 are covered, or were covered immediately before
22 foreclosure or acquisition of the project by the
23 Secretary, by an assistance contract under any
24 of the authorities referred to in such subsection;

1 “(C) in all other multifamily housing
2 projects, at least the units that are covered, or
3 were covered immediately before foreclosure or
4 acquisition of the project by the Secretary, by
5 a project-based assistance contract under—

6 “(i) section 8(b)(2) of the United
7 States Housing Act of 1937 (as such sec-
8 tion existed before October 1, 1983) (new
9 construction and substantial rehabilita-
10 tion); section 8(b) of such Act (property
11 disposition); section 8(d)(2) of such Act
12 (project-based certificates); section 8(e)(2)
13 of such Act (moderate rehabilitation); sec-
14 tion 23 of such Act (as in effect before
15 January 1, 1975); or section 101 of the
16 Housing and Urban Development Act of
17 1965 (rent supplements); or

18 “(ii) section 8 of the United States
19 Housing Act of 1937, following conversion
20 from such section 101;

21 “(2) in the case of multifamily housing projects
22 other than subsidized projects, providing project-
23 based rental assistance to units that were covered by
24 an assistance contract under the Loan Management
25 Set-Aside program under section 8(b) of such Act

1 immediately before foreclosure or acquisition of the
2 project by the Secretary: *Provided*, That the assist-
3 ance shall be limited to—

4 “(A) tenants residing in the units imme-
5 diately before the foreclosure or acquisition; and

6 “(B) tenants initially admitted to units
7 under such contract that were vacant at the
8 time of the foreclosure or sale by HUD of the
9 project;

10 and such assistance shall not be provided to subse-
11 quent tenants;”;

12 (2) in subsection (b)—

13 (A) in paragraph (1)—

14 (i) by striking “, including” and all
15 that follows through “persons,”; and

16 (ii) by inserting “competent and” im-
17 mediately before “capable”;

18 (B) by adding at the end thereof the fol-
19 lowing new paragraph:

20 “(3) to develop such procedures as the Sec-
21 retary determines necessary to obtain appropriate
22 community or resident input into disposition plans;
23 and”;

24 (3) by striking paragraph (1) of subsection (d)
25 and the introductory material preceding such para-

1 graph (1), and inserting in lieu thereof the following:

2 “In carrying out the goals specified in subsections
3 (a)(1) and (2), the Secretary shall take not less than
4 one of the following actions:

5 “(1) Enter into contracts under section 8 of the
6 United States Housing Act of 1937, to the extent
7 budget authority is available, with owners of multi-
8 family housing projects that are acquired by a pur-
9 chaser other than the Secretary at foreclosure or
10 after sale by the Secretary.

11 “(A)(i) In the case of a subsidized or for-
12 merly subsidized project referred to in sub-
13 sections (i)(2) (A) through (C), the contract
14 shall be for a term of at least 15 years and
15 shall be sufficient to assist at least all units
16 covered by an assistance contract under any of
17 the authorities referred to in subsection
18 (i)(2)(D). In order to make available to families
19 any of such units that are occupied by persons
20 not eligible for assistance under section 8, but
21 that subsequently become vacant, a contract
22 under this clause shall also provide that when
23 any such vacancy occurs, the owner shall lease
24 the available unit to a family eligible for assist-
25 ance under section 8. The Secretary shall use

1 the authority contained in paragraph (3) in
2 connection with any unit in such projects that
3 does not receive project-based assistance under
4 this paragraph.

5 “(ii) In the case of a subsidized or for-
6 merly subsidized project referred to in sub-
7 section (i)(2)(D), the contract shall be for a
8 term of at least 15 years and shall be sufficient
9 to assist at least all units in the project that are
10 covered, or were covered immediately before
11 foreclosure or acquisition of the project by the
12 Secretary, by an assistance contract under any
13 of the authorities referred to in such subsection.
14 In order to make available to families any of
15 such units that are occupied by persons not eli-
16 gible for assistance under section 8, but that
17 subsequently become vacant, a contract under
18 this clause shall also provide that when any
19 such vacancy occurs, the owner shall lease the
20 available unit to a family eligible for assistance
21 under section 8.

22 “(iii) Contracts under clauses (i) and (ii)
23 shall be at contract rents that, consistent with
24 subsection (a), provide for the necessary reha-
25 bilitation of such project and do not exceed

1 such percentage of the existing housing fair
2 market rents for the area (as determined by the
3 Secretary under section 8(c) of the United
4 States Housing Act of 1937) as the Secretary
5 may prescribe.

6 “(B) In all other multifamily housing
7 projects the contract shall be for an initial term
8 of at least five years and shall at least be suffi-
9 cient to provide project-based rental assistance
10 for all units—

11 “(i) that are covered, or were covered
12 immediately before foreclosure or acquisi-
13 tion of the project by the Secretary, by an
14 assistance contract under—

15 “(I) section 8(b)(2) of the United
16 States Housing Act of 1937 (as such
17 section existed before October 1,
18 1983) (new construction and substan-
19 tial rehabilitation); section 8(b) prop-
20 erty disposition); section 8(d)(2) of
21 such Act (project-based certificates);
22 section 8(e)(2) of such Act (moderate
23 rehabilitation); section 23 of such Act
24 (as in effect before January 1, 1975);
25 or section 101 of the Housing and

1 Urban Development Act of 1965 (rent
2 supplements); or

3 “(II) section 8 of the United
4 States Housing Act of 1937, following
5 conversion from such section 101; and

6 “(ii) that were covered by an assist-
7 ance contract under the Loan Management
8 Set-Aside program under section 8(b) of
9 such Act immediately before foreclosure or
10 acquisition of the project by the Secretary:
11 *Provided*, That the assistance shall be lim-
12 ited to—

13 “(I) tenants residing in the units
14 immediately before the foreclosure or
15 acquisition; and

16 “(II) tenants initially admitted to
17 units under such contract that were
18 vacant at the time of the foreclosure
19 or sale by HUD of the project;

20 and such assistance shall not be provided
21 to subsequent tenants.”;

22 (4) by adding the following new paragraph at
23 the end of subsection (d):

24 “(4) In connection with projects referred to in
25 paragraph (1), the Secretary is authorized to make

1 available tenant-based rental assistance under sec-
2 tion 8 (b) or (o) of such Act to very low-income fam-
3 ilies (as defined in section 3(b)(2) of the United
4 States Housing Act of 1937) that do not qualify for
5 project-based assistance under such paragraph.”;
6 and

7 (5) in subsections (e) (3) and (4), by striking
8 “15-year period” and inserting in lieu thereof the
9 following: “the period of assistance”.

10 (b) TENANT-BASED ASSISTANCE.—Section
11 203(d)(2) of such Act is amended—

12 (1) in the first sentence, by striking the par-
13 enthetical; and

14 (2) by adding at the end thereof the following
15 new sentence: “Actions pursuant to this paragraph
16 may be taken in connection with not more than 10
17 percent of the units in subsidized or formerly sub-
18 sidized projects owned by the Secretary.”.

19 (c) ALTERNATE ASSISTANCE.—Section 203(d)(3) of
20 such Act is amended by striking “will ensure that,” and
21 all that follows through the end, and inserting in lieu
22 thereof the following: “will ensure that—

23 “(A) the project is available to, and afford-
24 able by, low-income persons; and

1 “(B) for a period of not less than 15 years,
2 there shall be in force such use restrictions and
3 rent regulation as the Secretary may pre-
4 scribe.”.

5 (d) NONRENTAL, NONRESIDENTIAL USE.—Section
6 203(d) of such Act, as amended by the previous provisions
7 of this section, is amended—

8 (1) by adding the following new paragraph at
9 the end thereof:

10 “(5)(A) Notwithstanding any other provision of
11 law, of the total number of units in multifamily
12 housing projects that are owned by the Secretary,
13 the Secretary may make up to—

14 “(i) 10 percent available for uses, other
15 than rental or cooperative use, such as low-in-
16 come homeownership opportunities, shelters for
17 the homeless, and office space for resident or
18 housing-related social service providers; and

19 “(ii) five percent available for any use, if
20 the Secretary, in consultation with the local or
21 areawide governing body, determines that such
22 action will assist efforts to deconcentrate low-
23 income housing opportunities.

24 “(B) In connection with projects referred to in
25 subparagraph (A), the Secretary is authorized to

1 make available tenant-based rental assistance under
2 section 8 (b) or (o) of such Act to very low-income
3 families (as defined in section 3(b)(2) of the United
4 States Housing Act of 1937) to assist them in locat-
5 ing other decent, safe, and sanitary housing.”; and

6 (2) in the last sentence of subsection (e)(1), by
7 striking “value” and all that follows through “(d)”
8 and inserting in lieu thereof the following: “intended
9 use of the property after sale”.

10 (e) DISPLACEMENT.—Sections 203(f)(2) (B) and (C)
11 are each amended by striking “above-moderate income”
12 and inserting in lieu thereof “above low-income”.

13 (f) SALE OF MORTGAGES ON UNSUBSIDIZED
14 PROJECTS.—Section 203(h) of such Act is amended by
15 adding at the end thereof the following new paragraph:

16 “(4) Notwithstanding any other provision of
17 law, the Secretary is authorized to sell mortgages
18 held on multifamily housing projects other than sub-
19 sidized projects on such terms and conditions as the
20 Secretary may prescribe.”.

21 (g) DEFINITION OF “SUBSIDIZED PROJECT.”—Sec-
22 tion 203(i) of such Act is amended—

23 (1) in paragraph (1), by striking “or section
24 312 of the Housing Act of 1964”;

1 (2) by striking subparagraph (C) of paragraph
2 (2) and renumbering the remaining subparagraphs
3 accordingly;

4 (3) in paragraph (2)(C), as redesignated by
5 paragraph (2) of this subsection, by striking “or to”
6 and all that follows through “1964”;

7 (4) by striking subparagraph (D) of paragraph
8 (2), as redesignated by paragraph (2) of this sub-
9 section, and inserting in lieu thereof the following
10 new subparagraph:

11 “(D)(i) rent supplement payments under
12 section 101 of the Housing and Urban Develop-
13 ment of 1965; (ii) housing assistance payments
14 made under section 23 of the United States
15 Housing Act of 1937 (as in effect before Janu-
16 ary 1, 1975); or (iii) housing assistance pay-
17 ments made under section 8 of the United
18 States Housing Act of 1937 (excluding pay-
19 ments made for certificates under subsection
20 (b)(1) or vouchers under subsection (o)), if (ex-
21 cept for purposes of paragraphs (1) and (2) of
22 subsection (h) and section 183(c) of the Hous-
23 ing and Community Development Act of 1987)
24 such assistance payments are made to more

1 than 50 percent of the units in the project.”;

2 and

3 (5) by striking paragraph (i)(4).

4 (h) OTHER PROVISIONS.—Section 203 of such Act is
5 amended by adding at the end thereof the following new
6 subsection:

7 “(k) In providing tenant-based assistance in connec-
8 tion with activities pursuant to subsection (d)(4) or
9 (d)(5)(B), the Secretary shall take into consideration the
10 condition of the local market in which the assistance will
11 be used and shall take such steps as the Secretary deems
12 necessary for the successful use of the assistance.”.

13 (i) USE OF SAVINGS IN MANDATORY EXPENDI-
14 TURES.—(1) From amounts of savings in mandatory ex-
15 penditures that result from the amendments made by this
16 section, the Secretary shall—

17 (A) make grants to States and units of general
18 local government in a total amount of \$400,000,000
19 for the rehabilitation of multifamily projects for-
20 merly owned by the Secretary that have been trans-
21 ferred to such governmental entities;

22 (B) transfer a sufficient number of multifamily
23 housing projects owned by the Secretary to States
24 and units of general local government to assure full

1 use of the amount required for grants under sub-
2 paragraph (A); and

3 (C) require that the grantees comply with re-
4 quirements established by the Secretary governing
5 use of the project and the grant, including require-
6 ments governing use of the units for rental by low-
7 income families and affordability of rents, as deter-
8 mined by the Secretary.

9 The Secretary's authority to make expenditures for grants
10 under this subparagraph shall terminate on September 30,
11 1994. The Secretary shall, by notice published in the Fed-
12 eral Register, establish such requirements as may be nec-
13 essary to carry out the provisions of this subparagraph,
14 including a requirement that States and units of general
15 local government do not earn arbitrage profits from these
16 grants.

17 (2) For purposes of this subsection—

18 (A) the term “low-income families” has the
19 meaning given such term in section 3(b)(2) of the
20 United States Housing Act of 1937;

21 (B) the term “Secretary” means the Secretary
22 of Housing and Urban Development;

23 (C) the term “State” has the meaning given
24 such term in section 104(2) of the Cranston-Gon-
25 zalez National Affordable Housing Act, including

1 any agency or instrumentality thereof that is estab-
2 lished pursuant to legislation and designated by the
3 chief executive to act on behalf of the State with re-
4 gard to paragraph (1)(A); and

5 (D) the term “unit of general local govern-
6 ment” has the meaning given such term in section
7 104(1) of the Cranston-Gonzalez National Afford-
8 able Housing Act, including any agency or instru-
9 mentality thereof that is established pursuant to leg-
10 islation and designated by the chief executive to act
11 on behalf of the jurisdiction with regard to para-
12 graph (1)(A).

13 AMEND THE REQUIREMENT FOR STATE AND LOCAL
14 GOVERNMENT RIGHT OF FIRST REFUSAL

15 SEC. 102. (a) Section 203(e)(2) of the Housing and
16 Community Development Amendments of 1978 is amend-
17 ed to read as follows:

18 “(2) The Secretary, within 60 days of acquiring
19 title to a project, shall notify the unit of general
20 local government and the State housing finance
21 agency (or other agency or agencies designated by
22 the Governor) of the acquisition of such title. Within
23 60 days of this notice, the local government or des-
24 ignated State agency may submit to the Secretary a
25 preliminary expression of interest in the project. The
26 Secretary may take such actions as may be nec-

1 essary to require the local government or designated
2 State agency to substantiate such interest. If the
3 local government or designated State agency has ex-
4 pressed interest within the 60-day period, and has
5 substantiated such interest if requested, upon ap-
6 proval of a disposition plan for a project, the Sec-
7 retary shall notify the local government and des-
8 ignated State agency of the terms and conditions of
9 the disposition plan and give the local government or
10 designated State agency 90 days from the date of
11 the notification to make an offer to purchase the
12 project. If the local government or designated State
13 agency does not express interest within the 60-day
14 period, or does not substantiate an expressed inter-
15 est if requested, the Secretary, upon approval of a
16 disposition plan, may offer the project for sale to
17 any interested person or entity.”.

18 (b) Section 203(e)(3) of such Act is amended by
19 striking “The” in the first sentence and inserting “Where
20 the Secretary has given the local government or designated
21 State agency 90 days to make an offer to purchase the
22 project, the”.

23 (c) Section 203(e) of such Act, as amended by sub-
24 sections (a) and (b), shall apply to projects that are ac-
25 quired on or after the effective date of this section. With

1 respect to projects acquired before the effective date of
2 this section, the Secretary may apply—

3 (1) the requirements of sections 203 (e)(2) and
4 (e)(3) of such Act as they existed immediately before
5 the effective date of this section; or

6 (2) the requirements of section 203 (e)(2) and
7 (e)(3) of such Act, as amended by subsections (a)
8 and (b), respectively, if the Secretary gives the local
9 government and designated State agency 60 days to
10 express interest in the project, and for those that ex-
11 press interest within the 60-day period, and substan-
12 tiate such interest if requested, 90 days from the
13 date of notification of the terms and conditions of
14 the disposition plan to make an offer to purchase
15 the project.

16 REPEAL STATE AGENCY MULTIFAMILY PROPERTY
17 DISPOSITION DEMONSTRATION

18 SEC. 103. Section 184 of the Housing and Commu-
19 nity Development Act of 1987 is hereby repealed.

20 DEMONSTRATION: RTC MARKETING AND DISPOSITION OF
21 MULTIFAMILY PROPERTIES OWNED BY HUD

22 SEC. 104. (a) The Secretary of Housing and Urban
23 Development may carry out a demonstration with up to
24 50 multifamily properties owned by the Secretary, using
25 the Resolution Trust Corporation (RTC) for the market-
26 ing and disposition of the properties. Any such demonstra-

1 tion shall be carried out by agreement of the RTC and
2 the Secretary on such terms and conditions as are accept-
3 able to the RTC and the Secretary. The RTC shall estab-
4 lish policies and procedures for marketing and disposition,
5 subject to review and approval by the Secretary.

6 (b) The Secretary may waive the requirements of sec-
7 tion 203 of the Housing and Community Development
8 Amendments of 1978 and any related requirements, in-
9 cluding restrictions on the incomes of families occupying
10 the units and requirements for continued assistance. The
11 Secretary may also waive any other statutory and regu-
12 latory requirements that apply to the project and that the
13 Secretary determines are not consistent with the purposes
14 of a demonstration, except that the Secretary may not
15 waive any equal opportunity or nondiscrimination statu-
16 tory or regulatory requirements or procedures.

17 (c) In determining which properties to include in the
18 demonstration, the Secretary shall take into consideration
19 the size of the inventory of properties owned by the Sec-
20 retary in the locality and such other factors as the Sec-
21 retary determines are appropriate.

22 (d) The Secretary shall reimburse the RTC for the
23 direct costs associated with the demonstration, including
24 the costs of administration and marketing, property man-
25 agement, and any repair and rehabilitation. The Secretary

1 may use proceeds from the sale of the properties to reim-
2 burse the RTC for its costs.

3 (e) The demonstration under this section shall—

4 (1) be approved personally by the Secretary;

5 (2) taken as a whole over the life of the dem-
6 onstration, not result in higher costs to the Federal
7 Government;

8 (3) be generally consistent with the overall pur-
9 poses of the program or programs under which the
10 waiver is granted;

11 (4) be the subject of an evaluation plan for
12 which funding is obligated or set aside at the same
13 time the demonstration is approved and which will
14 be carried out by an independent party; the evalua-
15 tion shall include an assessment of the impact and
16 effectiveness of (A) any requirements waived pursu-
17 ant to subsection (b), and (B) any differences be-
18 tween the property disposition procedures of the
19 RTC and the Secretary; and

20 (5) be consistent with the Fair Housing Act,
21 title VI of the Civil Rights Act of 1964, section 504
22 of the Rehabilitation Act of 1973, and the Age Dis-
23 crimination Act of 1975.

24 (f) In approving the demonstration under this sec-
25 tion, the Secretary may impose such requirements as the

1 Secretary considers to be appropriate to further its pur-
2 poses.

3 (g) The RTC shall submit an annual progress report
4 to the Secretary. The Secretary shall submit a report to
5 Congress within one year after completion of the dem-
6 onstration, describing the results of the demonstration and
7 making any recommendations for legislation.

8 (h) The demonstration under this section shall not
9 extend beyond the termination date of the Resolution
10 Trust Corporation.

11 (i) There is authorized to be appropriated \$1,000,000
12 for the evaluation of the demonstration under this section.

13 AUTHORIZE CIVIL MONEY PENALTIES AGAINST GENERAL
14 PARTNERS AND CERTAIN MANAGING AGENTS OF
15 MULTIFAMILY PROJECTS

16 SEC. 105. (a) Section 537 of the National Housing
17 Act is amended—

18 (1) in subsection (b)(1), by inserting after
19 “mortgagor” the second place it appears the follow-
20 ing: “or general partner of a partnership mortgagor”;
21

22 (2) in the heading to subsection (c), by deleting
23 “VIOLATIONS OF REGULATORY AGREEMENT” and
24 inserting in lieu thereof the following: “OTHER VIO-
25 LATIONS”;

26 (3) in subsection (c)(1)—

1 (A) by deleting “any mortgagor of prop-
2 erty” and all that follows through “as follows:”
3 and inserting in lieu thereof the following:

4 “(A) any mortgagor of property that in-
5 cludes five or more living units and that has a
6 mortgage insured, coinsured, or held pursuant
7 to this Act;

8 “(B) the general partner of a partnership
9 mortgagor;

10 “(C) any agent employed to manage the
11 property that has an identity of interest with
12 the general partner; or

13 “(D) any independent fee management en-
14 tity, under contract with the mortgagor or gen-
15 eral partner of a partnership mortgagor, that
16 fails to notify the Secretary, as required by the
17 Secretary, that it has been instructed by the
18 mortgagor or general partner of a partnership
19 mortgagor to engage in activities that are con-
20 trary to regulations and requirements of the
21 Secretary. A penalty may be imposed under this
22 section for knowingly and materially taking any
23 of the following actions:”;

24 (B) by adding after subparagraph (L) the
25 following new subparagraphs:

1 “(M) Failure, when there is adequate
2 project income available, to maintain the prem-
3 ises, accommodations, and the grounds and
4 equipment appurtenant thereto in good repair
5 and condition in accordance with regulations
6 and requirements of the Secretary.

7 “(N) Failure, by a general partner of a
8 partnership mortgagor, to provide management
9 for the project that is acceptable to the Sec-
10 retary pursuant to regulations and require-
11 ments of the Secretary.”;

12 (C) in the last sentence, by deleting “of
13 such agreement” and inserting in lieu thereof
14 the following: “of this subsection”; and

15 (D) by redesignating subparagraphs (A)
16 through (N) as clauses (i) through (xiv), respec-
17 tively;

18 (4) in subsection (d)(1)(B), by inserting after
19 “mortgagor” the following: “, general partner of a
20 partnership mortgagor, or agent employed to man-
21 age the property or independent fee management en-
22 tity as described in subsections (c)(1) (C) and (D),
23 respectively,”;

1 (5) in subsection (e)(1), by deleting “a mortga-
2 gor” and inserting in lieu thereof the following: “an
3 entity or person”;

4 (6) in subsection (f), by inserting after “mort-
5 gator” both times that it appears the following: “,
6 general partner of a partnership mortgagor, or agent
7 employed to manage the property or independent fee
8 management agent as described in subsections (c)(1)
9 (C) and (D), respectively,”; and

10 (7) by amending the heading to read as follows:

11 “CIVIL MONEY PENALTIES AGAINST MULTIFAMILY
12 MORTGAGORS, GENERAL PARTNERS OF PARTNER-
13 SHIP MORTGAGORS, AND MANAGING AGENTS”.

14 (b) The amendments made by subsection (a) shall
15 apply only with respect to—

16 (1) violations that occur on or after the effec-
17 tive date of this section; and

18 (2) in the case of a continuing violation (as de-
19 termined by the Secretary of Housing and Urban
20 Development), any portion of a violation that occurs
21 on or after such date.

22 EXTEND HUD REVIEW PERIOD FOR APPROVAL OF
23 MANAGEMENT IMPROVEMENT AND OPERATING PLANS

24 SEC. 106. Section 201(d)(6) of the Housing and
25 Community Development Amendments of 1978 is amend-
26 ed by striking “30” and inserting “120”.

1 USE OF FLEXIBLE SUBSIDY IN PRESERVATION PROJECTS

2 SEC. 107. (a) USE OF ASSISTANCE.—Section 201(k)
3 of the Housing and Community Development Amend-
4 ments of 1978 is amended by adding at the end thereof
5 the following new paragraph:

6 “(4) In providing, and contracting to provide,
7 assistance for capital improvements under this sec-
8 tion, the Secretary shall give priority to projects that
9 are eligible for incentives under section 224(b) of the
10 Emergency Low Income Housing Preservation Act
11 of 1987. The Secretary may make such assistance
12 available on a noncompetitive basis.”.

13 (b) CERTAIN UNINSURED PROJECTS.—Section
14 201(n)(2) of such Act is amended by inserting a comma
15 immediately after “insured mortgages in force” and the
16 following: “projects for which the Secretary holds the
17 mortgage, and projects with respect to which the Secretary
18 makes interest reduction payments under section 236(o)
19 of the National Housing Act”.

20 DELETE REQUIREMENT TO REDUCE INTEREST RATES TO
21 AVOID FORECLOSURE ON ASSIGNED MORTGAGES

22 SEC. 108. Section 7(i)(5) of the Department of Hous-
23 ing and Urban Development Act is amended by striking
24 out the first semicolon, and all that follows through “as
25 determined by the Secretary”.

1 TITLE II—ENHANCE PROGRAM FLEXIBILITY

2 Subtitle A—Office of Public and Indian Housing Freeze

3 Fees for Administration of the Certificate and

4 Voucher Programs

5 SEC. 201. Notwithstanding the second sentence of
 6 section 8(q)(1) of the United States Housing Act of 1937,
 7 other applicable law, and any implementing regulations
 8 and related requirements, the fee for the ongoing costs
 9 of administering the certificate and housing voucher pro-
 10 grams under sections 8(b) and 8(o) of such Act for Fed-
 11 eral fiscal year 1994 shall be based on the fair market
 12 rents for Federal fiscal year 1993. However, the Secretary
 13 may increase the fee in accordance with the third sentence
 14 of section 8(q)(1) and sections 8(q)(2) (ii) and (iii) of such
 15 Act.

16 REVITALIZATION OF SEVERELY DISTRESSED PUBLIC
 17 HOUSING

18 SEC. 202. (a) SEVERELY DISTRESSED PUBLIC
 19 HOUSING.—Section 24 of the United States Housing Act
 20 of 1937 is amended as provided by this subsection.

21 (1) DELETE REQUIREMENT FOR DESIGNATION
 22 OF ELIGIBLE PROJECTS.—

23 (A) Subsection (b) is hereby repealed.

24 (B) Subsection (i)(2) is hereby repealed
 25 and the following paragraphs redesignated ac-
 26 cordingly.

1 (2) INCREASE PLANNING GRANT DOLLAR
2 CAP.—Subsection (c)(2) is amended by striking
3 “\$200,000” and inserting “\$500,000”.

4 (3) PLANNING GRANT ELIGIBLE ACTIVITIES:
5 COMMUNITY SERVICE.—Subsection (c)(3) is amend-
6 ed by inserting the following new subparagraph after
7 subparagraph (D) and redesignating the following
8 subparagraphs accordingly:

9 “(E) planning for community service ac-
10 tivities to be carried out by residents, other
11 members of the community, and other persons
12 willing to contribute to the social, economic, or
13 physical improvement of the community (com-
14 munity service is a required element of the revi-
15 talization program);”.

16 (4) PLANNING GRANT APPLICATION: COMMU-
17 NITY SERVICE.—Subsection (c)(4) is amended by in-
18 sserting the following new subparagraph after sub-
19 paragraph (C) and redesignating the following sub-
20 paragraphs accordingly:

21 “(D) a description of the planning activi-
22 ties for community service to be carried out by
23 residents, other members of the community,
24 and other persons willing to contribute to the

1 social, economic, or physical improvement of the
2 community;”.

3 (5) IMPLEMENTATION GRANT ELIGIBLE ACTIVI-
4 TIES.—

5 (A) Subsection (d)(2) is amended by in-
6 serting the following new subparagraphs after
7 subparagraph (D) and redesignating the follow-
8 ing subparagraphs accordingly:

9 “(E) community service activities to be
10 carried out by residents, other members of the
11 community, and other persons willing to con-
12 tribute to the social, economic, or physical im-
13 provement of the community (community serv-
14 ice is a required element of the revitalization
15 program); and

16 “(F) replacement of public housing units,
17 when required under section 18, through the
18 use of implementation grant funds for the de-
19 velopment of replacement units provided
20 through the methods permitted under section
21 18(b)(3);”.

22 (B) Subsection (d)(2)(K), as redesignated
23 by subparagraph (A) of this paragraph, is
24 amended by—

1 (i) striking “than 15 percent” and in-
2 serting “than 20 percent”; and

3 (ii) inserting before the period the fol-
4 lowing: “and provided that an amount
5 equal to 15 percent of the amount of any
6 grant under this subsection used for sup-
7 port services shall be contributed from
8 non-Federal sources (this contribution
9 shall be in the form of cash, administrative
10 costs, and the reasonable value of in-kind
11 contributions and may include funding
12 under title I of the Housing and Commu-
13 nity Development Act of 1974)”.

14 (6) IMPLEMENTATION GRANT APPLICATIONS:
15 COMMUNITY SERVICE.—Subsection (d)(3) is amend-
16 ed by inserting the following new subparagraph after
17 subparagraph (C) and redesignating the following
18 subparagraphs accordingly:

19 “(D) a description of the community serv-
20 ice activities to be carried out by residents,
21 other members of the community, and other
22 persons willing to contribute to the social, eco-
23 nomic, or physical improvement of the commu-
24 nity;”.

1 (7) PLANNING GRANT AND IMPLEMENTATION
2 GRANT SELECTION CRITERIA: NATIONAL GEO-
3 GRAPHIC DIVERSITY.—Subsections (c)(5) and (d)(4)
4 are each amended by—

5 (A) striking subparagraph (E) and redesign-
6 nating the following subparagraphs accordingly;
7 and

8 (B) inserting at the end the following new
9 flush matter:

10 “The Secretary may select a lower-rated, approvable
11 application over a higher-rated application to in-
12 crease the level of national geographic diversity of
13 applications approved under this section.”.

14 (8) IMPLEMENTATION GRANT SELECTION CRI-
15 TERIA.—Subsection (d)(4)(D) is amended by strik-
16 ing “the potential of the applicant for developing a
17 successful and affordable” and inserting “the quality
18 of the proposed”.

19 (9) DEFINITIONS.—(A) Subsection (h)(5) is
20 amended to read as follows:

21 “(5) SEVERELY DISTRESSED PUBLIC HOUS-
22 ING.—The term ‘severely distressed public housing’
23 means a public housing project or a building in a
24 project that—

1 “(A) requires major redesign, reconstruc-
2 tion, or redevelopment, or partial or total demo-
3 lition, to correct serious deficiencies in the
4 original design (including inappropriately high
5 population density), deferred maintenance,
6 physical deterioration or obsolescence of major
7 systems, and other deficiencies in the physical
8 plant of the project; and

9 “(B)(i)(I) is occupied predominantly by
10 families with children which have extremely low
11 incomes, high rates of unemployment, and ex-
12 tensive dependency on various forms of public
13 assistance; and

14 “(II) has high rates of vandalism and
15 criminal activity (including drug-related crimi-
16 nal activity); or

17 “(ii) has a vacancy rate, as determined by
18 the Secretary, of 50 percent or more; and

19 “(C) cannot be revitalized through assist-
20 ance under other programs, such as the pro-
21 grams under sections 9 and 14, or through
22 other administrative means because of the inad-
23 equacy of available funds; and

24 “(D) in the case of individual buildings,
25 the building is, in the Secretary’s determina-

1 tion, sufficiently separable from the remainder
2 of the project to make use of the building fea-
3 sible for purposes of this section.”.

4 (B) Subsection (h) is amended by adding the
5 following new paragraphs at the end thereof:

6 “(6) COMMUNITY SERVICE.—The term ‘commu-
7 nity service’ means services provided on a volunteer
8 or limited stipend basis for the social, economic, or
9 physical improvement of the community to be
10 served, including opportunity for the upward mobil-
11 ity of participants providing the community service,
12 through completion of education requirements, job
13 training, or alternative methods of developing skills
14 and job readiness.

15 “(7) SUPPORT SERVICES.—The term ‘support
16 services’ includes all activities designed to lead to-
17 ward upward mobility, self-sufficiency, and improved
18 quality of life for the residents of the project, such
19 as literacy training, job training, day care, and eco-
20 nomic development, and may include such activities
21 for residents of the neighborhood.”.

22 (b) CONFORMING AMENDMENT.—The first sentence
23 of section 25(m)(1) of the United States Housing Act of
24 1937 is amended to read as follows: “The term ‘eligible
25 housing’ means a public housing project, or one or more

1 buildings within a project, that is owned or operated by
2 a troubled public housing agency.”.

3 (c) COMPREHENSIVE GRANT AND DEVELOPMENT
4 GRANTS FOR REPLACEMENT HOUSING.—(1) Section
5 5(a)(2) of the United States Housing Act of 1937 is
6 amended by adding the following new sentence at the end
7 thereof: “In providing assistance under this paragraph,
8 the Secretary may give priority to public housing agencies
9 that use comprehensive grants under section 14(k) for re-
10 placement housing under section 18(b)(3)(A).”

11 (2) Section 14 of such Act is amended by adding the
12 following new subsection at the end thereof:

13 “(q) The Secretary may authorize a public housing
14 agency to use assistance allocated to it for use under sub-
15 section (e) for the development of additional housing
16 under this Act, in accordance with requirements applicable
17 to the development of public housing, to provide replace-
18 ment housing as required by section 18.”.

19 (d) USE OF TENANT-BASED ASSISTANCE FOR RE-
20 PLACEMENT HOUSING.—(1) Section 18(b)(3)(A) of such
21 Act is amended—

22 (A) by striking “or” at the end of clause (v);

23 (B) by redesignating clause (vi) as clause (vii);

24 and

1 (C) by inserting the following new clause imme-
2 diately after clause (v):

3 “(vi) the use of five-year tenant-based as-
4 sistance under section 8(b) or (o) if—

5 “(I) the project has been vacant for a
6 period of at least five years;

7 “(II) the proposed demolition is nec-
8 essary for revitalization of the remaining
9 units in the project; or

10 “(III) demolition of the entire project
11 is proposed and some or all of the units
12 will be replaced on the site; or”.

13 (2) Section 18(b)(3) of such Act is amended—

14 (A) in subparagraph (A)(v), by striking “to the
15 extent available” and all that follows through “5
16 years”; and

17 (B) in subparagraph (C), by adding the follow-
18 ing new flush matter at the end thereof:

19 “*Provided*, That notwithstanding the other provisions of
20 this subparagraph, if the plan involves (I) a demolition
21 described in subparagraph (A)(vi) or (II) the demolition
22 of 200 or more units, tenant-based assistance under sec-
23 tion 8(b) or (o) may be approved if the public housing
24 agency determines, in accordance with such requirements
25 as the Secretary may prescribe, that such use is feasible

1 and appropriate to meeting the low-income housing needs
2 in the community;”.

3 (3) Section 18(c)(2) of such Act is amended by in-
4 serting before the period at the end of the first sentence
5 a comma and the following: “except for amounts to be pro-
6 vided from the allocation of comprehensive grant assist-
7 ance to the public housing agency under section 14”.

8 (e) NEED FOR REPLACEMENT HOUSING.—The flush
9 matter at the end of section 18(b)(3) of such Act is
10 amended—

11 (1) by striking “except that,” and inserting in
12 lieu thereof the following: “except that (1)”; and

13 (2) by inserting immediately before the period
14 at the end thereof the following: “, and (2) a public
15 housing agency may demolish public housing dwell-
16 ing units without providing an additional unit for
17 each unit to be demolished if there is no need for
18 additional assisted housing in the community, as de-
19 termined in accordance with criteria determined by
20 the Secretary”.

21 (f) REPLACEMENT HOUSING OUTSIDE THE JURIS-
22 DICTION OF THE PHA.—Section 18(b)(3) of such Act is
23 amended by inserting the following new subparagraph
24 after subparagraph (C), and redesignating the following
25 subparagraphs accordingly:

1 “(D) may provide that all or part of such addi-
2 tional dwelling units may be located outside the ju-
3 risdiction of the public housing agency (the ‘original
4 agency’) if—

5 “(i) the location is in the same housing
6 market area as the original agency, as deter-
7 mined by the Secretary;

8 “(ii) the plan contains an agreement be-
9 tween the original agency and the public hous-
10 ing agency in the alternate location or other
11 public or private entity that will be responsible
12 for providing the additional units in the alter-
13 nate location (‘alternate agency or entity’) that
14 the alternate agency or entity will, with respect
15 to the dwelling units involved—

16 “(I) provide the dwelling units in ac-
17 cordance with subparagraph (A) of this
18 paragraph;

19 “(II) complete the plan on schedule in
20 accordance with subparagraph (F) of this
21 paragraph;

22 “(III) meet the requirements of sub-
23 paragraph (G) of this paragraph and the
24 maximum rent provisions of subparagraph
25 (H) of this paragraph; and

1 18 months, beginning with the commencement of employ-
2 ment.”.

3 (2) APPLICABILITY OF AMENDMENT.—Notwith-
4 standing the amendment made by paragraph (1),
5 any resident of public housing participating in the
6 authority contained in such undesignated paragraph
7 immediately before its amendment by this section
8 shall continue to be governed by such authority.

9 (b) REPEALER.—Section 957 of the Cranston-Gon-
10 zalez National Affordable Housing Act is hereby repealed.

11 CEILING RENTS BASED ON REASONABLE RENTAL VALUE

12 SEC. 204. (a) Section 3(a)(2)(A)(iii) of the United
13 States Housing Act of 1937 is amended to read as follows:

14 “(iii) is not less than the reasonable rental
15 value of the unit, as determined by the Secretary.”.

16 (b) The Secretary shall, by notice published in the
17 Federal Register, establish such requirements as may be
18 necessary to carry out the provisions of section 3(a)(2)(A)
19 of the United States Housing Act of 1937, as amended
20 by subsection (a). The notice shall also invite public com-
21 ments, and the Secretary shall issue final regulations
22 based on the initial notice, taking into account any public
23 comments received.

1 Subtitle B—Office of Community Planning and
2 Development Economic Revitalization Initiative

3 SEC. 210. (a) ECONOMIC REVITALIZATION
4 GRANTS.—(1) Section 108(a) of the Housing and Com-
5 munity Development Act of 1974 is amended by striking
6 the second sentence and inserting in lieu thereof the fol-
7 lowing: “A guarantee under this section (including a guar-
8 antee combined with a grant under subsection (q)) may
9 be used to assist a grantee in obtaining financing, only
10 if the grantee has made efforts to obtain the financing
11 without the use of the guarantee (and, if applicable, the
12 grant) and cannot complete the financing consistent with
13 the timely execution of the proposed activities and projects
14 without the guarantee (or, if applicable, the grant).”.

15 (2) Section 108 of such Act is further amended by
16 adding at the end thereof the following new subsection:

17 “(q)(1) The Secretary is authorized to use amounts
18 deobligated under section 119 to provide grants in accord-
19 ance with this subsection for economic revitalization
20 projects to eligible public entities (units of general local
21 government) in connection with notes or other obligations
22 guaranteed for such entities under this section.

23 “(2) By regulation, the Secretary shall prescribe the
24 terms and conditions of these grants (in accordance with
25 this title, except as otherwise permitted by this sub-

1 section), including guidelines related to economic revital-
2 ization projects eligible for grants, the amount of grant
3 funds to be provided for specific economic revitalization
4 projects applied for, and requirements applicable to the
5 use of the grant and the guaranteed loan proceeds by the
6 recipient. The regulations shall at a minimum implement
7 the provisions specified in this subsection.

8 “(3) The proceeds of the guaranteed loan, and the
9 grant under this subsection, shall be used to finance eco-
10 nomic development activities and projects eligible under
11 subsection (a) and specified in the approved application.
12 In this subsection, the term “economic revitalization
13 projects” refers to such eligible economic development
14 projects and activities.

15 “(4) If the eligible public entity proposes a grant
16 under this subsection, it shall submit its request to HUD,
17 in the form prescribed by HUD, with or as part of its
18 application for loan guarantee assistance under this sec-
19 tion.

20 “(5) To the extent funds are available, grants under
21 this subsection shall be approved on a first-come, first-
22 served basis.”.

23 (3) Section 119(o) of such Act is amended by striking
24 “shall be” and all that follows up to the period and insert-
25 ing in lieu thereof the following: “shall, as determined by

1 the Secretary, be added to amounts appropriated under
2 section 103 or be used to provide grants under section
3 108(q)”.

4 (4) Title I of such Act is amended—

5 (A) in the second sentence of section 101(c), by
6 striking “and, if applicable, the funds received as a
7 result of a guarantee under section 108,” and by in-
8 serting in lieu thereof “(including any such funds
9 used to make payments on a loan guaranteed by the
10 Secretary under section 108) and, if applicable, any
11 grant received under section 108(q),” and

12 (B) in section 104(b)(3), by striking “and, if
13 applicable, as a result of a guarantee under section
14 108,” and by inserting in lieu thereof “(including
15 any such funds used to make payments on a loan
16 guaranteed by the Secretary under section 108) and,
17 if applicable, any grant received under section
18 108(q),”.

19 (b) SECTION 108 LOAN GUARANTEES FOR
20 COLONIAS.—The first sentence of section 108(a) of the
21 Housing and Community Development Act of 1974 is
22 amended—

23 (1) by striking “or” immediately after “section
24 105(a);”; and

1 (2) by inserting immediately before the period
2 at the end thereof the following: ”; or (5) activities
3 under section 105(a)(2) with respect to colonias
4 under section 916 of the Cranston-Gonzalez Na-
5 tional Affordable Housing Act”.

6 (c) GUARANTEE OF OBLIGATIONS BACKED BY SEC-
7 TION 108 LOANS.—Section 108 of the Housing and Com-
8 munity Development Act of 1974 is amended by adding
9 at the end thereof the following new subsection:

10 “(r)(1) The Secretary is authorized, upon such terms
11 and conditions as the Secretary deems appropriate, to
12 guarantee the timely payment of the principal of and in-
13 terest on such trust certificates or other obligations as
14 shall—

15 “(A) be offered by the Secretary or by any
16 other offeror approved for purposes of this sub-
17 section by the Secretary, and

18 “(B) be based on and backed by a trust or pool
19 composed of notes or other obligations guaranteed or
20 eligible for guarantee by the Secretary under this
21 section.

22 “(2) To the same extent as provided in subsection
23 (f), the full faith and credit of the United States is pledged
24 to the payment of all amounts which may be required to

1 be paid under any guarantee by the Secretary under this
2 subsection.

3 “(3) In the event the Secretary pays a claim under
4 a guarantee issued under this section, it shall be sub-
5 rogated fully to the rights satisfied by such payment.

6 “(4) No State or local law, and no Federal law, shall
7 preclude or limit the exercise by the Secretary of—

8 “(A) the power to contract with respect to pub-
9 lic offerings and other sales of notes, trust certifi-
10 cates, and other obligations guaranteed under this
11 section upon such terms and conditions as the Sec-
12 retary deems appropriate,

13 “(B) the right to enforce by any means deemed
14 appropriate by the Secretary any such contract, and

15 “(C) the Secretary’s ownership rights, as appli-
16 cable, in notes, certificates, or other obligations
17 guaranteed under this section, or constituting the
18 trust or pool against which trust certificates, or
19 other obligations guaranteed under this section are
20 offered.”.

21 HOME INVESTMENT PARTNERSHIPS

22 SEC. 211. (a) PARTICIPATION BY STATE AGENCIES
23 OR INSTRUMENTALITIES.—Section 104(2) of the Cran-
24 ston-Gonzalez National Affordable Housing Act is amend-
25 ed—

26 (1) by striking “and”; and

1 (2) by inserting before the period at the end
2 thereof the following: “, and any agency or instru-
3 mentality thereof that is established pursuant to leg-
4 islation and designated by the chief executive to act
5 on behalf of the jurisdiction with regard to provi-
6 sions of this Act”.

7 (b) SIMPLIFY PROGRAM-WIDE INCOME TARGETING
8 FOR HOME RENTAL HOUSING.—Sections 214(1) (A) and
9 (B) of such Act are amended by striking “such funds are
10 invested with respect to dwelling units that are occupied
11 by” each place it appears and inserting in lieu thereof the
12 following: “(i) the families receiving such rental assistance
13 are, or (ii) the dwelling units assisted with such funds are
14 occupied by,”.

15 (c) REMOVE FIRST-TIME HOMEBUYER LIMITATION
16 FOR HOME UNITS.—Section 215(b) of such Act is amend-
17 ed by striking paragraph (3) and redesignating para-
18 graphs (4) and (5) as paragraphs (3) and (4), respectively.

19 (d) SIMPLIFY RESALE PROVISIONS.—Section
20 215(b)(4)(B) of such Act is amended by striking “sub-
21 section” and inserting in lieu thereof “title”.

22 (e) STABILIZATION OF HOME FUNDING THRESH-
23 OLDS.—

24 (1) Sections 216(10) and 217(b)(4) of such Act
25 are hereby repealed.

1 (2) Section 217(b)(3) of such Act is amended—

2 (A) in the first sentence, by striking “only
3 those jurisdictions” and all that follows up to
4 the period and inserting in lieu thereof the fol-
5 lowing: “jurisdictions that are not participating
6 jurisdictions that are allocated an amount of
7 \$500,000 or greater and jurisdictions that are
8 participating jurisdictions shall receive an allo-
9 cation”; and

10 (B) in the last sentence, by striking “, ex-
11 cept as provided in paragraph (4)”.

12 (3) Section 216 of such Act is amended—

13 (A) in paragraph (3), by striking “Except
14 as provided in paragraph (10), a jurisdiction”
15 in the first sentence and inserting in lieu there-
16 of “A jurisdiction”; and

17 (B) in paragraph (9)(B), by striking “, ex-
18 cept as provided in paragraph (10)”.

19 (f) COMPREHENSIVE AFFORDABLE HOUSING STRAT-
20 EGY.—

21 (1) HOME PROGRAM.—The first sentence of
22 section 218(d) of such Act is amended by inserting
23 immediately after “providing certification” the fol-
24 lowing: “that it is following a current housing af-

1 fordability strategy which has been approved by the
2 Secretary in accordance with section 105, and”.

3 (2) HOMELESS ASSISTANCE PROGRAMS.—

4 (A) IN GENERAL.—Section 401 of the
5 Stewart B. McKinney Homeless Assistance Act
6 is amended to read as follows:

7 HOUSING AFFORDABILITY STRATEGY.

8 “SEC. 401. (a) REQUIREMENT TO FOLLOW A
9 CHAS.—Assistance may be made available Under subtitle
10 B to metropolitan cities, urban counties, and States receiv-
11 ing a formula amount under section 413, only if the juris-
12 diction certifies that it is following a current housing af-
13 fordability strategy which has been approved by the Sec-
14 retary in accordance with section 105 of the Cranston-
15 Gonzalez National Affordable Housing Act.

16 “(b) REQUIREMENT FOR CONSISTENCY WITH
17 CHAS.—Assistance may be made available under this title
18 only if the application contains a certification that the pro-
19 posed project or activities are consistent with the housing
20 strategy of the State or unit of general local government
21 in which the project is located. The certification shall be
22 from the public official responsible for submitting the
23 strategy for the jurisdiction.”.

24 (B) CONFORMING CHANGES.—Title IV of
25 such Act is amended by striking sections
26 426(a)(2)(F), 434(a)(10), and 454(b)(9).

1 (g) SIMPLIFY HOME MATCHING REQUIREMENTS.—
2 Section 220 of the Cranston-Gonzalez National Affordable
3 Housing Act is amended to read as follows:

4 “(a) CONTRIBUTION.—Each participating jurisdic-
5 tion shall make contributions to housing that qualifies as
6 affordable housing under this title that total, throughout
7 a fiscal year, not less than 25 percent of the funds drawn
8 from the jurisdictions’s HOME Investment Trust Fund
9 in that fiscal year. This contribution shall be in addition
10 to any amounts made available under section
11 216(3)(A)(ii).”.

12 (h) DELETE SEPARATE AUDIT REQUIREMENT FOR
13 THE HOME PROGRAM.—Section 283 of such Act is
14 amended—

15 (1) by striking the section heading and insert-
16 ing in lieu thereof the following: “**AUDITS BY THE**
17 **COMPTROLLER GENERAL.**”;

18 (2) by striking subsection (a);

19 (3) by striking “(b) AUDITS BY THE COMP-
20 TROLLER GENERAL.—” and redesignating para-
21 graphs (1) and (2) as subsections (a) and (b), re-
22 spectively; and

23 (4) in subsection (a), as redesignated by para-
24 graph (3), by striking the second sentence.

1 (i) HOME ENVIRONMENTAL REVIEW AMEND-
2 MENTS.—Section 288 of such Act is amended—

3 (1)(A) in the first sentence of subsection (a), by
4 striking out “participating jurisdictions” and insert-
5 ing in lieu thereof the following: “jurisdictions, In-
6 dian tribes, or insular areas”; and

7 (B) in the first sentence of subsection (b) and
8 in subsection (c)(4), by striking “participating juris-
9 diction” each place it appears and inserting in lieu
10 thereof the following: “jurisdiction, Indian tribe, or
11 insular area”; and

12 (2) by inserting at the end of subsection (a) the
13 following new sentences: “The regulations shall,
14 among other matters, provide for the monitoring of
15 the performance of environmental reviews under this
16 section and, in the discretion of the Secretary, for
17 the provision of facilitation of training for such per-
18 formance and suspension or termination of the as-
19 sumption under this section. The Secretary’s duty
20 under the foregoing sentence shall not be construed
21 as being in derogation of any responsibility assumed
22 by a State or unit of general local government with
23 respect to any particular release of funds.”;

24 (3) in subsection (d), by striking out “ASSIST-
25 ANCE TO A STATE.—In the case of assistance to

1 States” and inserting in lieu thereof the following:
2 “ASSISTANCE TO UNITS OF GENERAL LOCAL GOV-
3 ERNMENT FROM A STATE.—In the case of assist-
4 ance to units of general local government from a
5 State”.

6 (j) USE OF CDBG FUNDS FOR HOME ADMINISTRA-
7 TIVE EXPENSES.—Section 105(a)(13) of the Housing and
8 Community Development Act of 1974 is amended by in-
9 serting immediately after “charges related to” the follow-
10 ing:

11 “(A) administering the HOME program under
12 title II of the Cranston-Gonzalez National Afford-
13 able Housing Act and (B)”.

14 (k) PROJECT DELIVERY COSTS.—Section 105(a)(21)
15 of such Act is amended by—

16 (1) inserting immediately after “housing coun-
17 seling” the following: “in connection with tenant-
18 based rental assistance and affordable housing
19 projects assisted under title II of the Cranston-Gon-
20 zalez National Affordable Housing Act”; and

21 (2) striking “authorized” and all that follows
22 through “law” and inserting in lieu thereof the fol-
23 lowing: “assisted under title II of the Cranston-Gon-
24 zalez National Affordable Housing Act”.

1 REDUCE HOPE 3 MATCH REQUIREMENT TO 25 PERCENT

2 SEC. 212. Section 443(c)(1) of the Cranston-Gon-
3 zalez National Affordable Housing Act is amended by
4 striking “33” and inserting “25”.

5 Subtitle C—Community Partnerships Against Crime
6 Compac Program

7 SEC. 220. (a) CONFORMING PROVISIONS.—(1) Sec-
8 tion 5001 of the Anti-Drug Abuse Act of 1988 is amend-
9 ed—

10 (A) by striking

“CHAPTER 2—PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION”

11 and inserting in lieu thereof the following:

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

12 (B) by striking “Congressional findings.” and
13 inserting in lieu thereof the following: “Purposes.”;
14 and

15 (C) by adding after

“Sec. 5130. Authorization of appropriations.”

16 the following:

“Sec. 5131. Technical assistance.”.

17 (2) The heading for chapter 2 of subtitle C of
18 title V of the Anti-Drug Abuse Act of 1988 is
19 amended to read as follows:

1 **“CHAPTER 2—COMMUNITY PARTNERSHIPS**
2 **AGAINST CRIME”.**

3 (b) SHORT TITLE, PURPOSES, AND AUTHORITY TO
4 MAKE GRANTS.—Sections 5121, 5122, and 5123 of the
5 Public and Assisted Housing Drug Elimination Act of
6 1990 are amended to read as follows:

7 **“SEC. 5121. SHORT TITLE.**

8 “‘This chapter may be cited as the ‘Community Part-
9 nerships Against Crime Act of 1993’.

10 **“SEC. 5122. PURPOSES.**

11 “‘The purposes of this chapter are to—

12 “(1) substantially expand and enhance the Fed-
13 eral Government’s commitment to eliminating crime
14 in public housing;

15 “(2) broaden the scope of the Public and As-
16 sisted Housing Drug Elimination Act of 1990 to
17 apply to all types of crime, and not simply crime
18 that is drug-related;

19 “(3) target opportunities for long-term commit-
20 ments of funding primarily to public housing agen-
21 cies with serious crime problems;

22 “(4) encourage the involvement of a broad
23 range of community-based groups, and residents of
24 neighboring housing that is owned or assisted by the
25 Secretary, in the development and implementation of
26 anti-crime plans;

1 “(5) reduce crime and disorder in and around
2 public housing through the expansion of community-
3 oriented policing activities and problem solving;

4 “(6) provide training, information services, and
5 other technical assistance to program participants;
6 and

7 “(7) establish a standardized assessment sys-
8 tem to evaluate need among public housing agencies,
9 and to measure progress in reaching crime reduction
10 goals.

11 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

12 “The Secretary of Housing and urban Development,
13 in accordance with the provisions of this chapter, may
14 make grants, for use in eliminating crime in and around
15 public and other federally assisted low-income housing
16 projects (1) to public housing agencies (including Indian
17 housing authorities) and (2) using amounts appropriated
18 for fiscal year 1994 only, to private, for-profit and non-
19 profit owners of federally assisted low-income housing. In
20 designing the program, the Secretary shall consult with
21 the Attorney General.”.

22 (c) ELIGIBLE ACTIVITIES.—Section 5124 of such Act
23 is amended—

24 (1) by striking “(a) PUBLIC AND ASSISTED
25 HOUSING.—”;

1 (2) by inserting in the introductory material,
2 immediately after “used in”, the following: “and
3 around”;

4 (3) in paragraph (3), by inserting immediately
5 before the semicolon the following: “, such as fenc-
6 ing, lighting, locking, and surveillance systems”;

7 (4) by striking paragraph (4)(A) and inserting
8 in lieu thereof the following new subparagraph:

9 “(A) to investigate crime; and”;

10 (5) in paragraph (6)—

11 (A) by striking “in and around public or
12 other federally assisted low-income housing
13 projects”; and

14 (B) by striking “and” after the semicolon;

15 (6) in paragraph (7)—

16 (A) by striking “where a public housing
17 agency receives a grant,”;

18 (B) by striking “drug abuse” and inserting
19 in lieu thereof “crime”; and

20 (C) by striking the period at the end and
21 inserting in lieu thereof a colon;

22 (7) by adding the following new paragraphs
23 after paragraph (7):

24 “(8) the employment or utilization of one or
25 more individuals, including law enforcement officers,

1 made available by contract or other cooperative ar-
2 rangement with State or local law enforcement agen-
3 cies, to engage in community- and problem-oriented
4 policing involving interaction with members of the
5 community on proactive crime control and preven-
6 tion;”

7 “(9) youth initiatives, such as activities involv-
8 ing training, education, after school programs, cul-
9 tural programs, recreation and sports, career plan-
10 ning, and entrepreneurship and employment; and

11 “(10) resident service programs, such as job
12 training, education programs, and other appropriate
13 social services which address the contributing factors
14 of crime.”; and

15 (8) by striking subsection (b).

16 (d) APPLICATIONS.—Section 5125 of such Act is
17 amended—

18 (1) in subsection (a)—

19 (A) by adding the paragraph designation
20 “(1)” immediately after “IN GENERAL.—”;

21 (B) in the first sentence, by striking “, a
22 public housing resident management corpora-
23 tion,”;

24 (C) in the second sentence, by striking
25 “drug-related crime on the premises of” and in-

1 serting in lieu thereof the following: “crime in
2 and around”; and

3 (D) by adding the following new para-
4 graphs at the end:

5 “(2) The Secretary shall, by regulation issued
6 after notice and opportunity for public comment, set
7 forth criteria for establishing a class of public hous-
8 ing agencies that have especially severe crime prob-
9 lems. Any public housing agency within this class
10 may submit an application for a one-year grant
11 under this chapter that, subject to the availability of
12 appropriated amounts, shall be renewed for a period
13 not exceeding the four subsequent years: *Provided,*
14 That the Secretary finds, after an annual or more
15 frequent performance review, that the public housing
16 agency is performing under the terms of the grant
17 and applicable laws in a satisfactory manner and
18 meets such other requirements as the Secretary may
19 prescribe.

20 “(3) Any eligible applicant may submit an ap-
21 plication for a grant for a period of up to two years.
22 The Secretary may accord a preference to applica-
23 tions seeking a subsequent grant under this para-
24 graph if the grant is to be used to continue or ex-
25 pand activities assisted under a previous grant under

1 this paragraph and the Secretary finds that the ap-
2 plicant's program under the prior grant is being
3 managed soundly and demonstrates success. Any
4 preferences under the preceding sentence shall not
5 unreasonably prejudice the opportunities of other
6 public housing agencies to be awarded grants under
7 this paragraph.”;

8 (2) in subsection (b)—

9 (A) in the introductory material, by strik-
10 ing “subsections (c) and (d)” and inserting in
11 lieu thereof “subsections (a) and (c)”;

12 (B) in paragraph (1), by striking “drug-re-
13 lated crime problem in” and inserting in lieu
14 thereof the following: “crime problem in and
15 around”;

16 (C) in paragraph (2), by inserting imme-
17 diately after “crime problem in” the following:
18 “and around”; and

19 (D) in paragraph (4), by inserting after
20 “local government” the following: “, local com-
21 munity-based non-profit organizations, local
22 resident organizations that represent the resi-
23 dents of neighboring projects that are owned or
24 assisted by the Secretary,”;

1 (3) in subsection (c)(2) by striking “drug-relat-
2 ed” the two places it appears; and

3 (4) by striking subsection (d).

4 (e) DEFINITIONS.—Section 5126 of such Act is
5 amended by striking paragraphs (1) and (2), and renum-
6 bering paragraphs (3) and (4) as paragraphs (1) and (2),
7 respectively.

8 (f) IMPLEMENTATION.—Section 5127 of such Act is
9 amended by striking “Cranston-Gonzalez National Afford-
10 able Housing Act” and inserting in lieu thereof “Housing
11 and Community Development Act of 1993”.

12 (g) REPORTS.—Section 5128 of such Act is amended
13 by striking “drug-related crime in” and inserting in lieu
14 thereof the following: “crime in and around”.

15 (h) AUTHORIZATION OF APPROPRIATIONS.—Section
16 5130 of such Act is amended—

17 (1) in the first sentence of subsection (a), by
18 striking “\$175,000,000 for fiscal year 1993” and all
19 that follows and inserting in lieu thereof:
20 \$265,000,000 for fiscal year 1994 and
21 \$325,000,000 for fiscal year 1995.”;

22 (2) in subsection (b)—

23 (A) by striking “SET-ASIDES” and insert-
24 ing in lieu thereof “SET-ASIDE”;

25 (B) by striking the first sentence;

1 (C) by striking “drug elimination”;

2 (D) by striking “fiscal years 1993 and
3 1994” and inserting in lieu thereof “fiscal year
4 1994”; and

5 (E) by striking “and 5.0 percent” and all
6 that follows through the end of the sentence
7 and inserting in lieu thereof a period; and

8 (3) by striking subsection (c) and section
9 520(k) of the Cranston-Gonzalez National Afford-
10 able Housing Act.

11 (i) TECHNICAL ASSISTANCE.—Such Act is further
12 amended by adding at the end thereof the following new
13 section:

14 **“SEC. 5131. TECHNICAL ASSISTANCE.**

15 “Of the amounts appropriated annually for each of
16 fiscal years 1994 and 1995 to carry out this chapter, the
17 Secretary is authorized to use up to \$10,000,000, directly
18 or indirectly, under grants, contracts, cooperative agree-
19 ments, or otherwise, to provide training, information serv-
20 ices, and other technical assistance to public housing agen-
21 cies and other entities with respect to their participation
22 in the program authorized by this chapter. Such technical
23 assistance may include the establishment and operation of
24 the clearinghouse on drug abuse in public housing and the
25 regional training program on drug abuse in public housing

1 under sections 5143 and 5144 of this Act. The Secretary
 2 is also authorized to use the foregoing amounts for obtain-
 3 ing assistance in establishing and managing assessment
 4 and evaluation criteria and specifications, and obtaining
 5 the opinions of experts in relevant fields.”.

6 TITLE III—TECHNICAL AND OTHER
 7 AMENDMENTS

8 Subtitle A—Public and Assisted Housing

9 CORRECT THE DEFINITION OF FAMILY IN THE 1937 ACT
 10 TO CLARIFY THAT FAMILIES ARE NOT REQUIRED TO
 11 INCLUDE CHILDREN

12 SEC. 301. The first sentence of section 3(b)(3)(B) of
 13 the United States Housing Act of 1937 is amended by—

14 (1) striking out “means” and inserting “in-
 15 cludes”; and

16 (2) inserting “and” immediately after “chil-
 17 dren,”.

18 ELIMINATE REQUIREMENT FOR IDENTIFICATION OF CIAP
 19 REPLACEMENT NEEDS

20 SEC. 302. (a) Section 14(d) of the United States
 21 Housing Act of 1937 is amended—

22 (1) by striking paragraph (2); and

23 (2) in paragraph (4)—

24 (A) by deleting “and replacements,”; and

25 (B) by striking “, (2),”.

26 (b) Section 14(f)(1) of such Act is amended—

- 1 (1) by striking subparagraph (B); and
2 (2) in subparagraph (D), by striking “, (2),”.

3 APPLICABILITY OF PUBLIC HOUSING AMENDMENTS TO
4 INDIAN HOUSING

5 SEC. 303. (a) Section 201(b) of the United States
6 Housing Act of 1937 is amended to read as follows—

7 “(b) APPLICABILITY OF TITLE I.—Except as other-
8 wise provided by law, the provisions of title I shall apply
9 to low-income housing developed or operated pursuant to
10 a contract between the Secretary and an Indian housing
11 authority.”.

12 (b) The amendment made by subsection (a) shall not
13 affect provisions of the United States Housing Act of
14 1937 that were made applicable to public housing devel-
15 oped or operated pursuant to a contract between the Sec-
16 retary of Housing and Urban Development and an Indian
17 housing authority in accordance with section 201(b)(2) of
18 such Act, as it existed before the effective date of this sec-
19 tion.

20 (c) The provisions of sections 103(a)(1), 112, 114,
21 116, 118, 903, and 927 of the Housing and Community
22 Development Act of 1992 shall also apply to public hous-
23 ing developed or operated pursuant to a contract between
24 the Secretary of Housing and Urban Development and an
25 Indian housing authority.

1 INCREASE THE UNIT THRESHOLD ABOVE WHICH PHAS
 2 ARE REQUIRED TO ADOPT PROJECT-BASED ACCOUNTING
 3 SEC. 304. Section 6(c)(4)(E) of the United States
 4 Housing Act of 1937 is amended by striking “250” and
 5 inserting in lieu thereof ‘500’.

6 Subtitle B—Multifamily Housing

7 CORRECT ERRORS IN MULTIFAMILY MORTGAGE LIMITS
 8 SEC. 310. Sections 207(c)(3), 213(b)(2),
 9 220(d)(3)(B)(iii), and 234(e)(3) of the National Housing
 10 Act are each amended by striking “\$59,160” and insert-
 11 ing “\$56,160”.

12 FHA MULTIFAMILY RISK-SHARING; HFA PILOT PROGRAM
 13 AMENDMENTS

14 SEC. 311. (a) Section 542(c) of the Housing and
 15 Community Development Act of 1992 is amended—

16 (1) in paragraph (2)(C), by striking the last
 17 sentence and inserting in lieu thereof the following
 18 new sentence: “Such agreements shall specify that
 19 the qualified housing finance agency and the Sec-
 20 retary shall share any loss in accordance with the
 21 risk-sharing agreement.”;

22 (2) in paragraph (2)(E)—

23 (A) by inserting the clause designation
 24 “(i)” before the first sentence;

1 (B) in the first sentence, by inserting after
2 “subsection” the following:”, except as provided
3 in this section,”; and

4 (C) by adding the following new paragraph
5 (2)(E)(ii):

6 “(ii) The mortgage shall—

7 “(I) provide for complete amortization
8 by periodic payments within such terms as
9 the Secretary shall prescribe;

10 “(II) not exceed 40 years from the be-
11 ginning of amortization; and

12 “(III) not exceed a loan-to-value or
13 loan-to-replacement cost of 90 percent for
14 profit-motivated owners and 100 percent
15 for nonprofit owners.”;

16 (3) by adding the following new subparagraphs
17 at the end of paragraph (2):

18 “(F) The Secretary, upon request of a
19 qualified housing finance agency, may insure
20 and make commitments to insure under this
21 section any mortgage, advance, or loan other-
22 wise eligible under this section, pursuant to a
23 risk-sharing agreement providing that the hous-
24 ing finance agency will carry out (under a dele-
25 gation or otherwise, and with or without com-

1 pensation, but subject to audit, exception, or re-
2 view requirements) such credit approval, ap-
3 praisal, inspection, issuance of commitments,
4 cost certification, servicing, property disposi-
5 tion, or other functions as the Secretary, pursu-
6 ant to regulations, shall approve as consistent
7 with the purpose of this section. All appraisals
8 of property for mortgage insurance under this
9 section shall be completed by a Certified Gen-
10 eral Appraiser in accordance with the Uniform
11 Standards of Professional Appraisal Practice.

12 “(G) Qualified housing finance agencies
13 shall make available to the Secretary or the
14 Secretary’s designee, at the Secretary’s request,
15 such financial and other records as the Sec-
16 retary deems necessary for program review and
17 monitoring purposes.

18 “(H) Notwithstanding any other provision
19 of this section, no new, existing, or rehabilitated
20 multifamily housing with respect to which a
21 mortgage is insured under this section shall be
22 operated for transient or hotel purposes. For
23 purposes of this paragraph, the term ‘rental for
24 transient or hotel purposes’ shall have such
25 meaning as prescribed by the Secretary, but

1 rental for any period less than 30 days shall in
2 any event constitute rental for such purposes.

3 “(I) No mortgage with respect to multi-
4 family housing may be insured under this sec-
5 tion unless—

6 “(i) the mortgagor certifies under
7 oath that while such insurance remains
8 outstanding, he or she will not rent, or
9 permit the rental of, such housing or any
10 part thereof for transient or hotel pur-
11 poses; and

12 “(ii) the housing finance agency has
13 entered into such contract with the mort-
14 gagor as the Secretary deems necessary to
15 enable the housing finance agency to pre-
16 vent or terminate any use of such property
17 or project for transient or hotel purposes
18 while the mortgage insurance remains out-
19 standing.”; and

20 (4) by adding at the end thereof the following
21 new paragraphs:

22 “(9) ENVIRONMENTAL AND OTHER REVIEWS.—

23 “(A) NEPA.—

24 “(i) IN GENERAL.—(I) In order to as-
25 sure that the policies of the National Envi-

1 ronmental Policy Act of 1969 and other
2 provisions of law which further the pur-
3 poses of such Act (as specified in regula-
4 tions issued by the Secretary) are most ef-
5 fectively implemented in connection with
6 commitments to insure mortgages under
7 subsection (c)(2), and to assure to the pub-
8 lic undiminished protection of the environ-
9 ment, the Secretary, in lieu of the environ-
10 mental protection procedures otherwise ap-
11 plicable, may under regulations provide for
12 commitments to insure mortgages under
13 subsection (c)(2) upon the request of quali-
14 fied housing finance agencies under this
15 subsection if the States or units of general
16 local governments, as designated by the
17 Secretary in accordance with regulations,
18 assume all of the responsibilities for envi-
19 ronmental review, decisionmaking, and ac-
20 tion pursuant to such Act, and such other
21 provisions of law as the regulations of the
22 Secretary specify, that would otherwise
23 apply to the Secretary with respect to the
24 commitment or endorsement of mortgage
25 insurance on particular properties.

1 “(II) The Secretary shall issue regula-
2 tions to carry out this subparagraph only
3 after consultation with the Council on En-
4 vironmental Quality. Such regulations
5 shall, among other matters, provide for
6 monitoring of the performance of environ-
7 mental reviews under this subparagraph
8 and, in the discretion of the Secretary, for
9 the provision or facilitation of training for
10 such performance and suspension or termi-
11 nation of the assumption under clause (I).
12 The Secretary’s duty under the foregoing
13 sentence shall not be construed as being in
14 derogation of any responsibility assumed
15 by a State or unit of general local govern-
16 ment with respect to any particular prop-
17 erty under clause (I).

18 “(ii) PROCEDURE.—The Secretary
19 shall approve the commitment to insure
20 subject to the procedures authorized by
21 this paragraph only if, at least 15 days
22 prior to such approval and prior to any
23 commitment or endorsement of mortgage
24 insurance on the property the qualified
25 housing finance agency has submitted to

1 the Secretary a request for such commit-
2 ment to insure accompanied by a certifi-
3 cation of the State or unit of general local
4 government which meets the requirements
5 of clause (iii). The Secretary's approval of
6 any such certification shall be deemed to
7 satisfy the Secretary's responsibilities
8 under the National Environmental Policy
9 Act of 1969 and such other provisions of
10 law as the regulations of the Secretary
11 specify insofar as those responsibilities re-
12 late to the commitment or endorsement of
13 mortgage insurance on the property which
14 is covered by such certification.

15 “(iii) CERTIFICATION.—A certification
16 under the procedures authorized by this
17 paragraph shall—

18 “(I) be in a form acceptable to
19 the Secretary,

20 “(II) be executed by the chief ex-
21 ecutive officer or other officer of the
22 State or unit of general local govern-
23 ment who qualifies under regulations
24 of the Secretary,

1 “(III) specify that the State or
2 unit of general local government
3 under this section has fully carried
4 out its responsibilities as described
5 under clause (i), and

6 “(IV) specify that the certifying
7 officer consents to assume the status
8 of a responsible Federal official under
9 the National Environmental Policy
10 Act of 1969 and each provision of law
11 specified in regulations issued by the
12 Secretary insofar as the provisions of
13 such Act or other such provision of
14 law apply pursuant to clause (i), and
15 is authorized and consents on behalf
16 of the State or unit of general local
17 government and himself or herself to
18 accept the jurisdiction of the Federal
19 courts for the purpose of enforcement
20 of the responsibilities as such an offi-
21 cial.

22 “(B) LEAD-BASED PAINT POISONING PRE-
23 VENTION.—In carrying out the requirements of
24 section 302 of the Lead-Based Paint Poisoning
25 Prevention Act (42 U.S.C. 4822), the Secretary

1 may provide by regulation for the assumption of
2 all or part of the Secretary's duties under such
3 Act by qualified housing finance agencies, for
4 purposes of this section.

5 “(C) CERTIFICATION OF SUBSIDY
6 LAYERING COMPLIANCE.—The requirements of
7 section 102(d) of the Department of Housing
8 and Urban Development Reform Act of 1989
9 shall be satisfied in connection with a commit-
10 ment to insure a mortgage under this sub-
11 section by a certification by a qualified housing
12 finance agency to the Secretary that the com-
13 bination of Federal assistance provided in con-
14 nection with a property for which a mortgage is
15 to be insured shall not be any more than is nec-
16 essary to provide affordable housing.

17 “(10) As used in this section—

18 “(A) the term ‘mortgage’ means a first
19 mortgage on real estate that is—

20 “(i) owned in fee simple; or

21 “(ii) on a leasehold—

22 “(I) under a lease for not less
23 than 99 years which is renewable; or

24 “(II) under a lease having a pe-
25 riod of not less than ten years to run

1 beyond the maturity of the mortgage;
2 and

3 “(B) the term ‘first mortgage’ means a
4 single first lien given to secure advances on, or
5 the unpaid purchase price of, real estate, under
6 the laws of the State in which the real estate
7 is located, together with the credit instrument,
8 if any, secured thereby. Any other financing
9 permitted on property insured under this sec-
10 tion must be expressly subordinate to the in-
11 sured mortgage; and

12 “(C) the terms ‘unit of general local gov-
13 ernment’ and ‘State’ mean the same as defined
14 in section 102(a)(1) and (2), respectively, of the
15 Housing and Community Development Act of
16 1974.”.

17 (b) Section 544(1) is amended to read as follows:

18 “(1) The term ‘multifamily housing’ means
19 housing accommodations on the mortgaged property
20 that are designed principally for residential use, con-
21 form to standards satisfactory to the Secretary, and
22 consist of not less than five rental units on one site.
23 These units may be detached, semi-detached, row
24 houses, or multifamily structures.”.

1 ply with the guidelines established under subsection (a),
2 the Secretary may inform the housing credit agency that
3 it may no longer submit certification of subsidy layering
4 compliance under this section. In such circumstances, the
5 responsibilities of section 102(d) of the Housing and
6 Urban Development Reform Act for affected projects allo-
7 cated a low income housing tax credit pursuant to section
8 42 of the Internal Revenue Code of 1986 shall be carried
9 out by the Secretary.”.

○

S 1299 IS—2

S 1299 IS—3

S 1299 IS—4

S 1299 IS—5