104th CONGRESS
2d Session

S. 1260

AMENDMENTS

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

In the House of Representatives, U. S.,

May 9, 1996.

Resolved, That the bill from the Senate (S. 1260) entitled ''An Act to reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes'', do pass with the following

AMENDMENTS:

Strike out all after the enacting clause, and insert:

1 ***SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.***

2 *(a) SHORT TITLE.—This Act may be cited as the*
3 *"United States Housing Act of 1996".*

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

Sec. 1. Short title and table of contents.
Sec. 2. Declaration of policy to renew American neighborhoods.

TITLE I—GENERAL PROVISIONS

Sec. 101. Statement of purpose.
Sec. 102. Definitions.
Sec. 103. Organization of local housing and management authorities.
Sec. 104. Determination of adjusted income and median income.
Sec. 105. Occupancy limitations based on illegal drug activity and alcohol abuse.
Sec. 106. Community work and family self-sufficiency requirement.
Sec. 107. Local housing management plans.
Sec. 108. Review of plans.
Sec. 109. Reporting requirements.
Sec. 110. Pet ownership.
Sec. 111. Administrative grievance procedure.
Sec. 112. Headquarters reserve fund.
Sec. 113. Labor standards.
Sec. 114. Nondiscrimination.
Sec. 115. Prohibition on use of funds.
Sec. 116. Inapplicability to Indian housing.
Sec. 117. Effective date and regulations.

TITLE II—PUBLIC HOUSING

Subtitle A—Block Grants

Sec. 201. Block grant contracts.
Sec. 202. Block grant authority, amount, and eligibility.
Sec. 203. Eligible and required activities.
Sec. 204. Determination of grant allocation.
Sec. 205. Sanctions for improper use of amounts.

Subtitle B—Admissions and Occupancy Requirements

Sec. 221. Low-income housing requirement.
Sec. 222. Family eligibility.
Sec. 223. Preferences for occupancy.
Sec. 224. Admission procedures.
Sec. 225. Family rental payment.
Sec. 226. Lease requirements.
Sec. 227. Designated housing for elderly and disabled families.

Subtitle C—Management

Sec. 231. Management procedures.
Sec. 232. Housing quality requirements.

Sec. 233. Employment of residents.
Sec. 234. Resident councils and resident management corporations.
Sec. 235. Management by resident management corporation.
Sec. 236. Transfer of management of certain housing to independent manager at request of residents.
Sec. 237. Resident opportunity program.

Subtitle D—Homeownership

Sec. 251. Resident homeownership programs.

Subtitle E—Disposition, Demolition, and Revitalization of Developments

Sec. 261. Requirements for demolition and disposition of developments.
Sec. 262. Demolition, site revitalization, replacement housing, and choice-based assistance grants for developments.
Sec. 263. Voluntary voucher system for public housing.

Subtitle F—General Provisions

Sec. 271. Conversion to block grant assistance.
Sec. 272. Payment of non-Federal share.
Sec. 273. Definitions.
Sec. 274. Authorization of appropriations for block grants.
Sec. 275. Authorization of appropriations for operation safe home.

TITLE III—CHOICE-BASED RENTAL HOUSING AND HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES

Subtitle A—Allocation

Sec. 301. Authority to provide housing assistance amounts.
Sec. 302. Contracts with LHMA's.
Sec. 303. Eligibility of LHMA's for assistance amounts.
Sec. 304. Allocation of amounts.
Sec. 305. Administrative fees.
Sec. 306. Authorizations of appropriations.
Sec. 307. Conversion of section 8 assistance.

Subtitle B—Choice-Based Housing Assistance for Eligible Families

Sec. 321. Eligible families and preferences for assistance.
Sec. 322. Resident contribution.
Sec. 323. Rental indicators.
Sec. 324. Lease terms.
Sec. 325. Termination of tenancy.
Sec. 326. Eligible owners.
Sec. 327. Selection of dwelling units.
Sec. 328. Eligible dwelling units.
Sec. 329. Homeownership option.
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Subtitle C—Payment of Housing Assistance on Behalf of Assisted Families

Sec. 351. Housing assistance payments contracts.
Sec. 352. Amount of monthly assistance payment.
Sec. 353. Payment standards.
Sec. 354. Reasonable rents.

Sec. 355. Prohibition of assistance for vacant rental units.

Subtitle D—General and Miscellaneous Provisions

Sec. 371. Definitions.
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Sec. 403. Functions.
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TITLE VI—NATIONAL COMMISSION ON HOUSING ASSISTANCE PROGRAMS COST

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TITLE VII—NATIVE AMERICAN HOUSING ASSISTANCE

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Sec. 702. Congressional findings.
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Sec. 801. Short title; reference.
Sec. 802. Statement of purpose.
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SEC. 2. DECLARATION OF POLICY TO RENEW AMERICAN NEIGHBORHOODS.

The Congress hereby declares that—

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

(A) by using Federal resources to aid families and individuals seeking affordable homes

that are safe, clean, and healthy and, in particular, assisting responsible, deserving citizens who cannot provide fully for themselves because of temporary circumstances or factors beyond their control;

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

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

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

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

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

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

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

TITLE I—GENERAL PROVISIONS

SEC. 101. STATEMENT OF PURPOSE.

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

(1) deregulating and decontrolling public housing agencies, which in this Act are referred to as "local housing and management authorities", and

thereby enable them to perform as property and asset managers;

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

(3) facilitating mixed income communities;

(4) increasing accountability and rewarding effective management of local housing and management authorities;

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

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

(7) remedying troubled local housing and management authorities and replacing or revitalizing severely distressed public housing developments.

SEC. 102. DEFINITIONS.

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

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

(2) 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).

(3) ELDERLY FAMILIES AND NEAR ELDERLY FAMILIES.—The terms "elderly family" and "near-elderly family" mean a family whose head (or his or her spouse), or whose sole member, is an elderly person or a near-elderly person, respectively. Such terms include 2 or more elderly persons or near-elderly persons living together, and 1 or more such persons living with 1 or more persons determined under the reg-

ulations of the Secretary to be essential to their care or well-being.

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

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

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

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

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

(7) LOCAL HOUSING AND MANAGEMENT AUTHORITY.—The term "local housing and management authority" is defined in section 103.

(8) LOCAL HOUSING MANAGEMENT PLAN.—The term "local housing management plan" means, with respect to any fiscal year, the plan under section 107

of a local housing and management authority for such fiscal year.

(9) LOW-INCOME FAMILY.—The term "low-income family" means a family whose income does not exceed 80 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the authority's findings that such variations are necessary because of unusually high or low family incomes.

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

(A) under subtitle B of title II for assistance under such title for the dwellings; or

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

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

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

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

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

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

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

(A) is low-income housing or low-income dwelling units in mixed income housing (as provided in section 221(c)(2)); and

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

(ii) was subject to an annual block grant contract under title II (or an annual contribu-

tions contract under the United States Housing Act of 1937) which is not in effect, but for which occupancy is limited in accordance with the requirements under section 222(a).

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

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

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

SEC. 103. ORGANIZATION OF LOCAL HOUSING AND MANAGEMENT AUTHORITIES.

(a) REQUIREMENTS.—For purposes of this Act, the terms "local housing and management authority" and "authority" mean any entity that—

(1) is—

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

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

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

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

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

The term does not include any entity that is Indian housing authority for purposes of the United States Housing Act of 1937 (as in effect before the enactment of this Act) or

a tribally designated housing entity, as such term is defined in section 704.

(b) GOVERNANCE.—

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

(2) RESIDENT MEMBERSHIP.—

(A) IN GENERAL.—Except as provided in subparagraph (B), in localities in which a local housing and management authority is governed by a board of directors or other similar body, the board or body shall include not less than 1 member who is an elected public housing resident member (as such term is defined in paragraph (5)). If the board includes 2 or more resident members, at least 1 such member shall be a member of an assisted family under title III.

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

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

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

(iii) any local housing and management authority in a State in which State law specifically precludes public housing residents or assisted families from serving on the board of directors or other similar body of an authority; or

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

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

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

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

(A) ELECTED PUBLIC HOUSING RESIDENT MEMBER.—The term "elected public housing resident member" means, with respect to the local housing and management authority involved, an individual who is a resident member of the board of directors (or other similar governing body of

the authority) by reason of election to such position pursuant to an election—

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

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

(II) have not been convicted of a felony and do not reside in a household that includes an individual convicted of a felony;

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

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

(B) RESIDENT MEMBER.—The term "resident member" means a member of the board of directors or other similar governing body of a local housing and management authority who is a resident of a public housing dwelling unit

owned, administered, or assisted by the authority or is a member of an assisted family (as such term is defined in section 371) assisted by the authority.

(c) ESTABLISHMENT OF POLICIES.—Any rules, regulations, policies, standards, and procedures necessary to implement policies required under section 107 to be included in the local housing management plan for a local housing and management authority shall be approved by the board of directors or similar governing body of the authority and shall be publicly available for review upon request.

SEC. 104. DETERMINATION OF ADJUSTED INCOME AND MEDIAN INCOME.

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

(b) MANDATORY EXCLUSIONS FROM INCOME.—In determining adjusted income, a local housing and management authority shall exclude from the annual income of a family the following amounts:

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

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

(A) unreimbursed medical expenses of any elderly family;

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

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

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

(4) MINORS, STUDENTS, AND PERSONS WITH DISABILITIES.—$480 for each member of the family residing in the household (other than the head of the household or his or her spouse) who is under 18 years

of age or is attending school or vocational training on a full-time basis, or who is 18 years of age or older and is a person with disabilities.

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

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

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

(2) EARNED INCOME.—An amount of any earned income of the family, established at the discretion of the local housing and management authority, which may be based on—

(A) all earned income of the family,

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

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

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

(3) OTHERS.—Such other amounts for other purposes, as the local housing and management authority may establish.

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

SEC. 105. OCCUPANCY LIMITATIONS BASED ON ILLEGAL DRUG ACTIVITY AND ALCOHOL ABUSE.

(a) INELIGIBILITY BECAUSE OF EVICTION FOR DRUG-RELATED CRIMINAL ACTIVITY.—Any tenant evicted from housing assisted under title II or title III by reason of drug-related criminal activity (as such term is defined in section 102) shall not be eligible for any housing assistance under title II or title III during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the local housing and management authority (which shall include a waiver of this subsection if the circumstances leading to eviction no longer exist).

(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a local housing and management authority shall establish standards for occupancy in public housing dwelling units and housing assistance under title II—

(A) that prohibit occupancy in any public housing dwelling unit by, and housing assistance under title II for, any person—

(i) who the local housing and management authority determines is illegally using a controlled substance; or

(ii) if the local housing and management authority determines that it has reasonable cause to believe that such person's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents of the project; and

(B) that allow the local housing and management authority to terminate the tenancy in any public housing unit of, and the housing assistance under title II for, any person—

(i) who the local housing and management authority determines is illegally using a controlled substance; or

(ii) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the local housing and management authority to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents of the project.

(2) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to paragraph (1), to deny occupancy or assistance to any person based on

a pattern of use of a controlled substance or a pattern of abuse of alcohol, a local housing and management authority may consider whether such person—

(A) has successfully completed a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable);

(B) has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable); or

(C) is participating in a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable).

(c) OTHER SCREENING.—A local housing and management authority may deny occupancy as provided in section 642 of the Housing and Community Development Act of 1992.

(d) LIMITATION ON ADMISSION OF PERSONS CONVICTED OF DRUG-RELATED OFFENSES.—Notwithstanding any other provision of law, each local housing and management authority shall prohibit admission and occupancy to

public housing dwelling units by, and assistance under title III to, any person who, after the date of the enactment of this Act, has been convicted of illegal possession with intent to sell any controlled substance (as such term is defined in the Controlled Substances Act). This subsection may not be construed to require the termination of tenancy or eviction of any member of a household residing in public housing, or the termination of assistance of any member of an assisted family, who is not a person described in the preceding sentence.

SEC. 106. COMMUNITY WORK AND FAMILY SELF-SUFFICIENCY REQUIREMENT.

(a) REQUIREMENT.—Except as provided in subsection (c), each local housing and management authority shall require, as a condition of occupancy of a public housing dwelling unit by a family and of providing housing assistance under title III on behalf of a family, that each adult member of the family shall contribute not less than 8 hours of work per month within the community in which the family resides. The requirement under this subsection shall be incorporated in the terms of the tenant self-sufficiency contract under subsection (b).

(b) TENANT SELF-SUFFICIENCY CONTRACT.—

(1) REQUIREMENT.—Except as provided in subsection (c), each local housing and management au-

thority shall require, as a condition of occupancy of a public housing dwelling unit by a family and of providing housing assistance under title III on behalf of a family, that each adult member of the family who has custody of, or is responsible for, a minor living in his or her care shall enter into a legally enforceable self-sufficiency contract under this section with the authority.

(2) CONTRACT TERMS.—The terms of a self-sufficiency contract under this subsection shall be established pursuant to consultation between the authority and the family and shall include a plan for the resident's or family's residency in housing assisted under this Act that provides—

(A) a date specific by which the resident or family will graduate from or terminate tenancy in such housing;

(B) specific interim and final performance targets and deadlines relating to self-sufficiency, which may relate to education, school participation, substance and alcohol abuse counseling, mental health support, jobs and skills training, and any other factors the authority considers appropriate; and

(C) any resources, services, and assistance relating to self-sufficiency to be made available to the resident or family.

(3) INCORPORATION INTO LEASE.—A self-sufficiency contract under this subsection shall be incorporated by reference into a lease under section 226 or 324, as applicable, and the terms of such contract shall be terms of the lease for which violation may result in—

(A) termination of tenancy, pursuant to section 226(4) or 325(a)(1), as applicable; or

(B) withholding of assistance under this Act.

The contract shall provide that the local housing and management authority or the resident who is a party to the contract may enforce the contract through an administrative grievance procedure under section 111.

(4) PARTNERSHIPS FOR SELF-SUFFICIENCY ACTIVITIES.—A local housing and management authority may enter into such agreements and form such partnerships as may be necessary, with State and local agencies, nonprofit organizations, academic institutions, and other entities who have experience or expertise in providing services, activities, training,

and other assistance designed to facilitate low- and very-low income families achieving self-sufficiency.

(5) CHANGED CIRCUMSTANCES.—A self-sufficiency contract under this subsection shall provide for modification in writing and that the local housing and management authority may for good cause or changed circumstances waive conditions under the contract.

(6) MODEL CONTRACTS.—The Secretary shall, in consultation with organizations and groups representing resident councils and residents of housing assisted under this Act, develop a model self-sufficiency contract for use under this subsection. The Secretary shall provide local housing and management authorities with technical assistance and advice regarding such contracts.

(c) EXEMPTIONS.—A local housing and management authority shall provide for the exemption, from the applicability of the requirements under subsections (a) and (b)(1), of each individual who is—

(1) an elderly person and unable, as determined in accordance with guidelines established by the Secretary, to comply with the requirement;

(2) a person with disabilities and unable (as so determined) to comply with the requirement;

(3) working, attending school or vocational training, or otherwise complying with work requirements applicable under other public assistance programs, and unable (as so determined) to comply with the requirement; or

(4) otherwise physically impaired, as certified by a doctor, and is therefore unable to comply with the requirement.

SEC. 107. LOCAL HOUSING MANAGEMENT PLANS.

(a) IN GENERAL.—In accordance with this section, the Secretary shall provide for each local housing and management authority to submit to the Secretary a local housing management plan under this section for each fiscal year that describes the mission of the local housing and management authority and the goals, objectives, and policies of the authority to meet the housing needs of low-income families in the jurisdiction of the authority.

(b) PROCEDURES.—The Secretary shall establish requirements and procedures for submission and review of plans and for the contents of such plans. Such procedures shall provide for local housing and management authorities to, at the option of the authority, submit plans under this section together with, or as part of, the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act (or any

consolidated plan incorporating such strategy) for the relevant jurisdiction and for concomitant review of such plans.

(c) CONTENTS.—A local housing management plan under this section for a local housing and management authority shall contain the following information relating to the upcoming fiscal year for which the assistance under this Act is to be made available:

(1) FINANCIAL RESOURCES.—An operating budget for the authority that includes—

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

(B) the uses to which such resources will be committed, including eligible and required activities under section 203 to be assisted, housing assistance to be provided under title III, and administrative, management, maintenance, and capital improvement activities to be carried out; and

(C) an estimate of the market rent value of each public housing development of the authority.

(2) POPULATION SERVED.—A statement of the policies of the authority governing eligibility, admissions, and occupancy of families with respect to pub-

lic housing dwelling units and housing assistance under title III, including—

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

(B) the requirements for selection and admissions of eligible families for such units and assistance, including any preferences established under section 223 or 321(e) and the criteria for selection under section 222(b) and (c);

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

(D) any standards and requirements for occupancy of public housing dwelling units and units assisted under title III, including conditions for continued occupancy, termination of tenancy, eviction, and termination of housing assistance under section 321(g);

(E) the criteria under subsection (f) of section 321 for providing and denying housing assistance under title III to families moving into the jurisdiction of the authority;

(F) the fair housing policy of the authority; and

(G) the procedures for outreach efforts (including efforts that are planned and that have been executed) to homeless families and to entities providing assistance to homeless families, in the jurisdiction of the authority.

(3) RENT DETERMINATION.—A statement of the policies of the authority governing rents charged for public housing dwelling units and rental contributions of assisted families under title III, including—

(A) the methods by which such rents are determined under section 225 and such contributions are determined under section 322;

(B) an analysis of how such methods affect—

(i) the ability of the authority to provide housing assistance for families having a broad range of incomes;

(ii) the affordability of housing for families having incomes that do not exceed 30 percent of the median family income for the area; and

(iii) the availability of other financial resources to the authority.

(4) QUALITY STANDARDS FOR MAINTENANCE AND MANAGEMENT.—A statement of the standards and

policies of the authority governing maintenance and management of housing owned and operated by the authority, and management of the local housing and management authority, including—

(A) housing quality standards in effect pursuant to sections 232 and 328 and any certifications required under such sections;

(B) routine and preventative maintenance policies for public housing;

(C) emergency and disaster plans for public housing;

(D) rent collection and security policies for public housing;

(E) priorities and improvements for management of public housing; and

(F) priorities and improvements for management of the authority, including improvement of electronic information systems to facilitate managerial capacity and efficiency.

(5) GRIEVANCE PROCEDURE.—A statement of the grievance procedures of the authority under section 111.

(6) CAPITAL IMPROVEMENTS.—With respect to public housing developments owned or operated by the authority, a plan describing—

(A) the capital improvements necessary to ensure long-term physical and social viability of the developments; and

(B) the priorities of the authority for capital improvements based on analysis of available financial resources, consultation with residents, and health and safety considerations.

(7) DEMOLITION AND DISPOSITION.—With respect to public housing developments owned or operated by the authority—

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

(B) a timetable for such demolition or disposition; and

(C) any information required under section 261(h) with respect to such demolition or disposition.

(8) DESIGNATION OF HOUSING FOR ELDERLY AND DISABLED FAMILIES.—With respect to public housing developments owned or operated by the authority, a description of any developments (or portions thereof) that the authority has designated or will designate for occupancy by elderly and disabled families in accordance with section 227 and any in-

formation required under section 227(d) for such designated developments.

(9) CONVERSION OF PUBLIC HOUSING.—With respect to public housing owned or operated by the authority, a description of any building or buildings that the authority is required under section 203(b) to convert to housing assistance under title III, an analysis of such buildings showing that the buildings meet the requirements under such section for such conversion, and a statement of the amount of grant amounts under title II to be used for rental assistance under title III.

(10) HOMEOWNERSHIP ACTIVITIES.—A description of any homeownership programs of the authority under subtitle D of title II or section 329 for the authority and the requirements and assistance available under such programs.

(11) COORDINATION WITH WELFARE AND OTHER APPROPRIATE AGENCIES.—A description of how the authority will coordinate with State welfare agencies and other appropriate Federal, State, or local government agencies or nongovernment agencies or entities to ensure that public housing residents and assisted families will be provided with access to resources to

assist in obtaining employment and achieving self-sufficiency.

(12) SAFETY AND CRIME PREVENTION.—A description of the policies established by the authority that increase or maintain the safety of public housing residents, facilitate the authority undertaking crime prevention measures (such as community policing, where appropriate), allow resident input and involvement, and allow for creative methods to increase public housing resident safety by coordinating crime prevention efforts between the authority and Federal, State, and local law enforcement officials. Furthermore, to assure the safety of public housing residents, the requirements will include use of trespass laws by the authority to keep evicted tenants or criminals out of public housing property.

(13) POLICIES FOR LOSS OF HOUSING ASSISTANCE.—A description of policies of the authority requiring the loss of housing assistance and tenancy under titles II and III, pursuant to sections 222(e) and 321(g).

(d) 5-YEAR PLAN.—Each local housing management plan under this section for a local housing and management authority shall contain, with respect to the 5-year period

beginning with the fiscal year for which the plan is submitted, the following information:

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

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

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

(e) CITIZEN PARTICIPATION.—

(1) IN GENERAL.—Before submitting a plan under this section or an amendment under section 108(f) to a plan, a local housing and management authority shall make the plan or amendment publicly available in a manner that affords affected public housing residents and assisted families under title III, citizens, public agencies, entities providing assistance

and services for homeless families, and other interested parties an opportunity, for a period not shorter than 60 days and ending at a time that reasonably provides for compliance with the requirements of paragraph (2), to examine its content and to submit comments to the authority.

(2) CONSIDERATION OF COMMENTS.—A local housing and management authority shall consider any comments or views provided pursuant to paragraph (1) in preparing a final plan or amendment for submission to the Secretary. A summary of such comments or views shall be attached to the plan, amendment, or report submitted. The submitted plan, amendment, or report shall be made publicly available upon submission.

(f) LOCAL REVIEW.—Before submitting a plan under this section to the Secretary, the local housing and management authority shall submit the plan to any local elected official or officials responsible for appointing the members of the board of directors (or other similar governing body) of the local housing and management authority for review and approval.

(g) PLANS FOR SMALL LHMA'S AND LHMA'S ADMINISTERING ONLY RENTAL ASSISTANCE.—The Secretary shall establish requirements for submission of plans under this

section and the information to be included in such plans applicable to housing and management authorities that own or operate less than 250 public housing dwelling units and shall establish requirements for such submission and information applicable to authorities that only administer housing assistance under title III (and do not own or operate public housing). Such requirements shall waive any requirements under this section that the Secretary determines are burdensome or unnecessary for such agencies.

SEC. 108. REVIEW OF PLANS.

(a) REVIEW AND NOTICE.—

(1) REVIEW.—The Secretary shall conduct a limited review of each local housing management plan submitted to the Secretary to ensure that the plan is complete and complies with the requirements of section 107. The Secretary shall have the discretion to review a plan only to the extent that the Secretary considers review is necessary.

(2) NOTICE.—The Secretary shall notify each local housing and management authority submitting a plan whether the plan complies with such requirements not later than 75 days after receiving the plan. If the Secretary does not notify the local housing and management authority, as required under this subsection and subsection (b), the plan shall be consid-

ered, for purposes of this Act, to have been determined to comply with the requirements under section 107 and the authority shall be considered to have been notified of compliance upon the expiration of such 75-day period.

(b) NOTICE OF REASONS FOR DETERMINATION OF NONCOMPLIANCE.—If the Secretary determines that a plan, as submitted, does not comply with the requirements under section 107, the Secretary shall specify in the notice under subsection (a) the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 107.

(c) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan does not comply with the requirements under section 107 only if—

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

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

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

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

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

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

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

(d) TREATMENT OF EXISTING PLANS.—Notwithstanding any other provision of this title, a local housing and management authority shall be considered to have submitted a plan under this section if the authority has submitted to the Secretary a comprehensive plan under section 14(e) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) or under the comprehensive improvement assistance program under such section 14, and the Secretary has approved such plan, before January 1, 1994. The Secretary shall provide specific procedures and requirements for such authorities to amend such plans by submitting only such additional information as is necessary to comply with the requirements of section 107.

(e) ACTIONS TO CHANGE PLAN.—A local housing and management authority that has submitted a plan under section 107 may change actions or policies described in the plan before submission and review of the plan of the authority for the next fiscal year only if—

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

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

(f) AMENDMENTS TO PLAN.—

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

(2) REVIEW.—The Secretary shall conduct a limited review of each proposed amendment submitted under this subsection to determine whether the plan, as amended by the amendment, complies with the requirements of section 107 and notify each local housing and management authority submitting the amendment whether the plan, as amended, complies with such requirements not later than 30 days after

receiving the amendment. If the Secretary determines that a plan, as amended, does not comply with the requirements under section 107, such notice shall indicate the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 107. If the Secretary does not notify the local housing and management authority as required under this paragraph, the plan, as amended, shall be considered, for purposes of this section, to comply with the requirements under section 107.

(3) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan, as amended by a proposed amendment, does not comply with the requirements under section 107 only if—

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

(B) the Secretary determines that—

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

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

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

(4) AMENDMENTS TO EXTEND TIME OF PERFORMANCE.—Notwithstanding any other provision of this subsection, the Secretary may not determine that any amendment to the plan of a local housing and management authority that extends the time for performance of activities assisted with amounts provided under this title fails to comply with the requirements under section 107 if the Secretary has not provided the amount of assistance set forth in the plan or has not provided the assistance in a timely manner.

SEC. 109. REPORTING REQUIREMENTS.

(a) PERFORMANCE AND EVALUATION REPORT.—Each local housing and management authority shall annually submit to the Accreditation Board established under section 401, on a date determined by such Board, a performance and evaluation report concerning the use of funds made available under this Act. The report of the local housing and management authority shall include an assessment by the authority of the relationship of such use of funds made available under this Act, as well as the use of other funds, to the needs identified in the local housing management

plan and to the purposes of this Act. The local housing and management authority shall certify that the report was available for review and comment by affected tenants prior to its submission to the Board.

(b) REVIEW OF LHMA'S.—The Accreditation Board established under section 401 shall, at least on an annual basis, make such reviews as may be necessary or appropriate to determine whether each local housing and management authority receiving assistance under this section—

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

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

(3) has satisfied, or has made reasonable progress towards satisfying, such performance standards as shall be prescribed by the Board.

(c) RECORDS.—Each local housing and management authority shall collect, maintain, and submit to the Accreditation Board established under section 401 such data and other program records as the Board may require, in such form and in accordance with such schedule as the Board may establish.

SEC. 110. PET OWNERSHIP.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), a resident of a public housing dwelling unit or an assisted dwelling unit (as such term is defined in section 371) may own common household pets or have common household pets present in the dwelling unit of such resident to the extent allowed by the local housing and management authority or the owner of the assisted dwelling unit, respectively.

(b) FEDERALLY ASSISTED RENTAL HOUSING FOR THE ELDERLY OR DISABLED.—Pet ownership in housing assisted under this Act that is federally assisted rental housing for the elderly or handicapped (as such term is defined in section 227 of the Housing and Urban-Rural Recovery Act of 1983) shall be governed by the provisions of section 227 of such Act.

(c) ELDERLY FAMILIES IN PUBLIC AND ASSISTED HOUSING.—Responsible ownership of common household pets shall not be denied any elderly or disabled family who resides in a dwelling unit in public housing or an assisted dwelling unit (as such term is defined in section 371), subject to the reasonable requirements of the local housing and management authority or the owner of the assisted dwelling unit, as applicable. This subsection shall not apply to units in public housing or assisted dwelling units that are located

in federally assisted rental housing for the elderly or handicapped referred to in subsection (b).

SEC. 111. ADMINISTRATIVE GRIEVANCE PROCEDURE.

(a) REQUIREMENTS.—Each local housing and management authority receiving assistance under this Act shall establish and implement an administrative grievance procedure under which residents of public housing will—

(1) be advised of the specific grounds of any proposed adverse local housing and management authority action;

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

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

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

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

(6) be entitled to receive a written decision by the local housing and management authority on the proposed action.

(b) EXCLUSION FROM ADMINISTRATIVE PROCEDURE OF GRIEVANCES CONCERNING EVICTIONS FROM PUBLIC HOUSING.—A local housing and management authority shall exclude from its procedure established under subsection (a) any grievance concerning an eviction from or termination of tenancy in public housing in any State which requires that, prior to eviction, a resident be provided a hearing in court which the Secretary determines provides the basic elements of due process.

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

SEC. 112. HEADQUARTERS RESERVE FUND.

(a) ANNUAL RESERVATION OF AMOUNTS.—Notwithstanding any other provision of law, the Secretary may retain not more than 3 percent of the amounts appropriated to carry out title II for any fiscal year for use in accordance with this section.

(b) USE OF AMOUNTS.—Any amounts that are retained under subsection (a) or appropriated or otherwise made available for use under this section shall be available for subsequent allocation to specific areas and communities,

and may only be used for the Department of Housing and Urban Development and—

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

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

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

(4) providing technical assistance, training, and electronic information systems for the Department of Housing and Urban Development, local housing and management authorities, residents, resident councils, and resident management corporations to improve management of such authorities, except that the provision of assistance under this paragraph may not involve expenditure of amounts retained under subsection (a) for travel;

(5)(A) providing technical assistance, directly or indirectly, for local housing and management authorities, residents, resident councils, resident management corporations, and nonprofit and other entities in connection with implementation of a homeownership program under section 251, except that grants under this paragraph may not exceed

$100,000; and (B) establishing a public housing homeownership program data base; and

(6) needs related to the Secretary's actions regarding troubled local housing and management authorities under this Act.

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

SEC. 113. LABOR STANDARDS.

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

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

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

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

(b) EXCEPTIONS.—Subsection (a) and the provisions relating to wages (pursuant to subsection (a)) in any contract for grants, sale, or lease pursuant to this Act relating to public housing, shall not apply to any of the following individuals:

(1) VOLUNTEERS.—Any individual who—

(A) performs services for which the individual volunteered;

(B)(i) does not receive compensation for such services; or

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

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

(2) RESIDENTS EMPLOYED BY LHMA.—Any resident of a public housing development who (A) is an employee of the local housing and management authority for the development, (B) performs services in connection with the operation of a low-income housing project owned or managed by such authority, and (C) is not a member of a bargaining unit represented

by a union that has a collective bargaining agreement with the local housing and management authority.

(3) RESIDENTS IN TRAINING PROGRAMS.—Any individuals participating in a job training program or other program designed to promote economic self-sufficiency.

(c) DEFINITION.—For purposes of this section, the terms "operation" and "production" have the meanings given the term in section 273.

SEC. 114. NONDISCRIMINATION.

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

(b) CIVIL RIGHTS COMPLIANCE.—Each local housing and management authority that receives grant amounts under this Act shall use such amounts and carry out its local housing management plan approved under section 108

in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the Americans With Disabilities Act of 1990, and shall affirmatively further fair housing.

SEC. 115. PROHIBITION ON USE OF FUNDS.

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

SEC. 116. INAPPLICABILITY TO INDIAN HOUSING.

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

SEC. 117. EFFECTIVE DATE AND REGULATIONS.

(a) EFFECTIVE DATE.—The provisions of this Act and the amendments made by this Act shall take effect and shall apply on the date of the enactment of this Act, unless such

provisions or amendments specifically provide for effectiveness or applicability on another date certain.

(b) REGULATIONS.—The Secretary may issue any regulations necessary to carry out this Act.

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

TITLE II—PUBLIC HOUSING

Subtitle A—Block Grants

SEC. 201. BLOCK GRANT CONTRACTS.

(a) IN GENERAL.—The Secretary shall enter into contracts with local housing and management authorities under which—

(1) the Secretary agrees to make a block grant under this title, in the amount provided under section 202(c), for assistance for low-income housing to the local housing and management authority for each fiscal year covered by the contract; and

(2) the authority agrees—

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

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

(C) to use the block grant amounts in accordance with this title and the local housing management plan for the authority that complies with the requirements of section 107;

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

(E) that the management of the public housing of the authority shall be subject to actions authorized under subtitle B of title IV;

(F) that the Secretary may take actions under section 205 with respect to improper use of grant amounts provided under the contract; and

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

(b) MODIFICATION.—Contracts and agreements between the Secretary and a local housing and management authority may not be amended in a manner which would—

(1) impair the rights of—

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

(B) the holders of any outstanding obligations of the local housing and management au-

thority involved for which annual contributions have been pledged; or

(2) provide for payment of block grant amounts under this title in an amount exceeding the allocation for the authority determined under section 204.

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

(c) CONDITIONS ON RENEWAL.—Each block grant contract under this section shall provide, as a condition of renewal of the contract with the local housing and management authority, that the authority's accreditation be renewed by the Housing Foundation and Accreditation Board pursuant to review under section 433 by such Board.

SEC. 202. GRANT AUTHORITY, AMOUNT, AND ELIGIBILITY.

(a) AUTHORITY.—The Secretary shall make block grants under this title to eligible local housing and management authorities in accordance with block grant contracts under section 201.

(b) PERFORMANCE FUNDS.—

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

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

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

(2) FLEXIBILITY OF FUNDING.—A local housing and management authority may use up to 10 percent of the amounts from a grant under this title that are allocated and provided from the capital fund for activities that are eligible under section 203(a)(2) to be funded with amounts from the operating fund.

(c) AMOUNT OF GRANTS.—The amount of the grant under this title for a local housing and management authority for a fiscal year shall be the amount of the allocation for the authority determined under section 204, except as otherwise provided in this title and subtitle B of title IV.

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

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

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

(3) the plan has been determined to comply with the requirements under section 107 and the Secretary has not notified the authority that the plan fails to comply with such requirements;

(4) the authority is accredited under section 433 by the Housing Foundation and Accreditation Board;

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

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

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

(8) the authority has not been disqualified for a grant pursuant to section 205(a) or subtitle B of title IV.

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

(1) EXEMPTION FROM TAXATION.—A local housing and management authority may receive a block grant under this title only if—

(A)(i) the developments of the authority (exclusive of any portions not assisted with

amounts provided under this title) are exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision; and

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

(I) prescribed by State law;

(II) agreed to by the local governing body in its agreement under subsection (e) for local cooperation with the local housing and management authority or under a waiver by the local governing body; or

(III) due to failure of a local public body or bodies other than the local housing and management authority to perform any obligation under such agreement; or

(B) the authority complies with the requirements under subparagraph (A) with respect to public housing developments (including public housing units in mixed-income developments),

but the authority agrees that the units other than public housing units in any mixed-income developments (as such term is defined in section 221(c)(2)) shall be subject to any otherwise applicable real property taxes imposed by the State, city, county or other political subdivision.

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

(f) LOCAL COOPERATION.—In recognition that there should be local determination of the need for low-income housing to meet needs not being adequately met by private enterprise, the Secretary may not make any grant under this title to a local housing and management authority unless the governing body of the locality involved has entered into an agreement with the authority providing for the local cooperation required by the Secretary pursuant to this title.

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

SEC. 203. ELIGIBLE AND REQUIRED ACTIVITIES.

(a) ELIGIBLE ACTIVITIES.—Except as provided in subsection (b) and in section 202(b)(2), grant amounts allocated and provided from the capital fund and grant amounts allocated and provided from the operating fund may be used only for the following activities:

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

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

(B) vacancy reduction;

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

(D) planned code compliance;

(E) management improvements;

(F) demolition and replacement under section 261;

(G) tenant relocation;

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

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

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

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

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

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

(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities;

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

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

(G) the costs of insurance;

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

(I) the costs of administering a public housing work program under section 106, including the costs of any related insurance needs; and

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

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

(1) REQUIREMENT.—A local housing and management authority that receives grant amounts under this title shall provide assistance in the form of rental housing assistance under title III, or appropriate site revitalization or other appropriate capital improve-

ments approved by the Secretary, in lieu of assisting the operation and modernization of any building or buildings of public housing, if the authority provides sufficient evidence to the Secretary that the building or buildings—

(A) are on the same or contiguous sites;

(B) consist of more than 300 dwelling units;

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

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

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

Local housing and management agencies shall identify properties that meet the definition of subparagraphs (A) through (E).

(2) USE OF OTHER AMOUNTS.—In addition to grant amounts under this title attributable (pursuant to the formulas under section 204) to the building or buildings identified under paragraph (1), the Secretary may use amounts provided in appropriation Acts for choice-based housing assistance under title III for families residing in such building or buildings or for appropriate site revitalization or other appropriate capital improvements approved by the Secretary.

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

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

(A) a local housing and management authority has failed under paragraph (1) to identify a building or buildings in a timely manner,

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

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

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

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

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

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

(B) in the case of an authority receiving public housing modernization assistance by formula pursuant to such section 14, any amounts provided to the authority which are attributable pursuant to the formula for allocating such assistance to such building or buildings;

(C) in the case of an authority receiving assistance for the major reconstruction of obsolete projects, any amounts obligated by the Secretary

for the major reconstruction of such building or buildings pursuant to section 5(j)(2) of the United States Housing Act of 1937, as in effect immediately before the date of enactment of this Act; and

(D) in the case of an authority receiving assistance pursuant to the formulas under section 204, any amounts provided to the authority which are attributable pursuant to the formulas for allocating such assistance to such building or buildings.

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

(d) COMPLIANCE WITH PLAN.—The local housing management plan submitted by a local housing and management authority (including any amendments to the plan), unless determined under section 108 not to comply with the requirements under section 107, shall be binding upon the Secretary and the local housing and management authority and the authority shall use any grant amounts provided under this title for eligible activities under sub-

section (a) in accordance with the plan. This subsection may not be construed to preclude changes or amendments to the plan, as authorized under section 108(e) or any actions authorized by this Act to be taken without regard to a local housing management plan.

SEC. 204. DETERMINATION OF GRANT ALLOCATION.

(a) IN GENERAL.—For each fiscal year, after reserving amounts under section 112 from the aggregate amount made available for the fiscal year for carrying out this title, the Secretary shall allocate any remaining amounts among eligible local housing and management authorities in accordance with this section, so that the sum of all of the allocations for all eligible authorities is equal to such remaining amount.

(b) ALLOCATION AMOUNT.—The Secretary shall determine the amount of the allocation for each eligible local housing and management authority, which shall be—

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

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

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

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

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

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

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

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

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

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

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

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

(B) the number of public housing dwelling units owned or operated by the local housing and management authority; and

(C) the need of the local housing and management authority to carry out anti-crime and anti-drug activities, including providing adequate security for public housing residents.

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

(4) REPORT.—Not later than the expiration of the 18-month period beginning upon the enactment of this Act, the Secretary shall submit a report to the Congress containing the proposed formulas established pursuant to paragraph (3) that meets the requirements of this subsection.

(d) INTERIM ALLOCATION REQUIREMENTS.—

(1) OPERATING ALLOCATION.—

(A) APPLICABILITY TO 50 PERCENT OF APPROPRIATED AMOUNTS.—Of any amounts available for allocation under this subsection for a fiscal year, 50 percent shall be used only to provide amounts for operating allocations under this

paragraph for eligible local housing and management authorities.

(B) DETERMINATION.—The operating allocation under this subsection for a local housing and management authority for a fiscal year shall be an amount determined by applying, to the amount to be allocated under this paragraph, the formula used for determining the distribution of operating subsidies for fiscal year 1995 to public housing agencies (as modified under subparagraph (C)) under section 9 of the United States Housing Act of 1937, as in effect before the enactment of this Act.

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

pied because of rehabilitation or renovation that is on-schedule.

(D) INCREASES IN INCOME.—The Secretary may revise the formula referred to in subparagraph (B) to provide an incentive to encourage local housing and management authorities to increase nonrental income and to increase rental income attributable to their units by encouraging occupancy by families with a broad range of incomes, including families whose incomes have increased while in occupancy and newly admitted families. Any such incentive shall provide that the local housing and management authority shall derive the full benefit of an increase in nonrental income, and such increase shall not directly result in a decrease in amounts provided to the authority under this title.

(2) CAPITAL IMPROVEMENT ALLOCATION.—

(A) APPLICABILITY TO 50 PERCENT OF APPROPRIATED AMOUNTS.—Of any amounts available for allocation under this subsection for a fiscal year, 50 percent shall be used only to provide amounts for capital improvement allocations under this paragraph for eligible local housing and management authorities.

(B) DETERMINATION.—The capital improvement allocation under this subsection for an eligible local housing and management authority for a fiscal year shall be determined by applying, to the amount to be allocated under this paragraph, the formula used for determining the distribution of modernization assistance for fiscal year 1995 to public housing agencies under section 14 of the United States Housing Act of 1937, as in effect before the enactment of this Act, except that Secretary shall establish a method for taking into consideration allocation of amounts under the comprehensive improvement assistance program.

(e) ELIGIBILITY OF UNITS ACQUIRED FROM PROCEEDS OF SALES UNDER DEMOLITION OR DISPOSITION PLAN.—If a local housing and management authority uses proceeds from the sale of units under a homeownership program in accordance with section 251 to acquire additional units to be sold to low-income families, the additional units shall be counted as public housing for purposes of determining the amount of the allocation to the authority under this section until sale by the authority, but in any case no longer than 5 years.

SEC. 205. SANCTIONS FOR IMPROPER USE OF AMOUNTS.

(a) IN GENERAL.—In addition to any other actions authorized under this title, if the Secretary finds pursuant to an annual financial and performance audit under section 432 that a local housing and management authority receiving grant amounts under this title has failed to comply substantially with any provision of this title, the Secretary may—

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

(2) withhold from the authority amounts from the total allocation for the authority pursuant to section 204;

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

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

(5) withhold from the authority amounts allocated for the authority under title III; or

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

(b) TERMINATION OF COMPLIANCE ACTION.—If the Secretary takes action under subsection (a) with respect to a local housing and management authority, the Secretary shall—

(1) in the case of action under subsection (a)(1), resume payments of grant amounts under this title to the authority in the full amount of the total allocation under section 204 for the authority at the time that the Secretary first determines that the authority will comply with the provisions of this title;

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

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

Subtitle B—Admissions and Occupancy Requirements

SEC. 221. LOW-INCOME HOUSING REQUIREMENT.

(a) PRODUCTION ASSISTANCE.—Any public housing produced using amounts provided under a grant under this title or under the United States Housing Act of 1937 shall

be operated as public housing for the 40-year period beginning upon such production.

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

(c) CAPITAL IMPROVEMENTS ASSISTANCE.—Amounts may be used for eligible activities under section 203(a)(2) only for the following housing developments:

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

(A) is owned by local housing and management authorities;

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

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

Any development, or portion thereof, referred to in this paragraph for which activities under section

203(a)(2) are conducted using amounts from a grant under this title shall be maintained and used as public housing for the 20-year period beginning upon the receipt of such grant. Any public housing development, or portion thereof, that received the benefit of a grant pursuant to section 14 of the United States Housing Act of 1937 shall be maintained and used as public housing for the 20-year period beginning upon receipt of such amounts.

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

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

(B) contains a number of dwelling units—

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

(ii) which number is not less than a reasonable number of units, including related amenities, taking into account the amount of the assistance provided by the

authority compared to the total investment (including costs of operation) in the development;

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

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

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

(C) is owned by the local housing and management authority, an affiliate controlled by it, or another appropriate entity.

Notwithstanding any other provision of this title, to facilitate the establishment of socioeconomically mixed

communities, a local housing and management authority that uses grant amounts under this title for a mixed income development under this paragraph may, to the extent that income from such a development reduces the amount of grant amounts used for operating or other costs relating to public housing, use such resulting savings to rent privately developed dwelling units in the neighborhood of the mixed income development. Such units shall be made available for occupancy only by low-income families eligible for residency in public housing.

SEC. 222. FAMILY ELIGIBILITY.

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

(b) INCOME MIX WITHIN DEVELOPMENTS.—A local housing and management authority may establish and utilize income-mix criteria for the selection of residents for dwelling units in public housing developments that limit admission to a development by selecting applicants having incomes appropriate so that the mix of incomes of families occupying the development is proportional to the income mix in the eligible population of the jurisdiction of the authority, as adjusted to take into consideration the severity

of housing need. Any criteria established under this subsection shall be subject to the provisions of subsection (c).

(c) INCOME MIX.—

(1) LHMA INCOME MIX.—Of the public housing dwelling units of a local housing and management authority made available for occupancy after the date of the enactment of this Act not less than 35 percent shall be occupied by low-income families whose incomes do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary, may for purposes of this subsection, establish income ceilings higher or lower than 30 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

(2) PROHIBITION OF CONCENTRATION OF LOW-INCOME FAMILIES.—A local housing and management authority may not comply with the requirements under paragraph (1) by concentrating very low-income families (or other families with relatively low incomes) in public housing dwelling units in certain public housing developments or certain buildings within developments. The Secretary may review the income and occupancy characteristics of the public

housing developments, and the buildings of such developments, of local housing and management authorities to ensure compliance with the provisions of this paragraph.

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

(1) AUTHORITY AND WAIVER.—To provide occupancy in public housing dwelling units to police officers and other law enforcement or security personnel (who are not otherwise eligible for residence in public housing) and to increase security for other public housing residents in developments where crime has been a problem, a local housing and management authority may, with respect to such units and subject to paragraph (2)—

(A) waive—

(i) the provisions of subsection (a) of this section and section 225(a);

(ii) the applicability of—

(I) any preferences for occupancy established under section 223;

(II) the minimum rental amount established pursuant to section 225(b) and any maximum monthly rental

amount established pursuant to such section;

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

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

(V) any other occupancy limitations or requirements; and

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

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

(e) LOSS OF ASSISTANCE FOR TERMINATION OF TENANCY.—A local housing and management authority shall, consistent with policies described in the local housing management plan of the authority, establish policies providing that a family residing in a public housing dwelling unit whose tenancy is terminated for serious violations of the terms or conditions of the lease shall—

(1) lose any right to continued occupancy in public housing under this title; and

(2) immediately become ineligible for admission to public housing under this title or for housing assistance under title III—

(A) in the case of a termination due to drug-related criminal activity, for a period of not less than 3 years from the date of the termination; or

(B) for other terminations, for a reasonable period of time as determined period of time as determined by the local housing and management authority.

SEC. 223. PREFERENCES FOR OCCUPANCY.

(a) AUTHORITY TO ESTABLISH.—Any local housing and management authority may establish a system for making dwelling units in public housing available for occupancy that provides preference for such occupancy to families having certain characteristics.

(b) CONTENT.—Each system of preferences established pursuant to this section shall be based upon local housing needs and priorities, as determined by the local housing and management authority using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under sec-

tion 107(e) or under the requirements applicable to comprehensive housing affordability strategy for the relevant jurisdiction.

SEC. 224. ADMISSION PROCEDURES.

(a) ADMISSION REQUIREMENTS.—A local housing and management authority shall ensure that each family residing in a public housing development owned or administered by the authority is admitted in accordance with the procedures established under this title by the authority and the income limits under section 222.

(b) AVAILABILITY OF CRIMINAL RECORDS.—A local housing and management authority may request and obtain records regarding the criminal convictions of applicants for, or tenants of, public housing as provided in section 646 of the Housing and Community Development Act of 1992.

(c) NOTIFICATION OF APPLICATION DECISIONS.—A local housing and management authority shall establish procedures designed to provide for notification to an applicant for admission to public housing of the determination with respect to such application, the basis for the determination, and, if the applicant is determined to be eligible for admission, the projected date of occupancy (to the extent such date can reasonably be determined). If an authority denies an applicant admission to public housing, the au-

thority shall notify the applicant that the applicant may request an informal hearing on the denial within a reasonable time of such notification.

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

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

SEC. 225. FAMILY RENTAL PAYMENT.

(a) RENTAL CONTRIBUTION BY RESIDENT.—

(1) IN GENERAL.—A family shall pay as monthly rent for a dwelling unit in public housing the amount that the local housing and management au-

thority determines is appropriate with respect to the family and the unit, which shall be—

(A) based upon factors determined by the authority, which may include the adjusted income of the resident, type and size of dwelling unit, operating and other expenses of the authority, or any other factors that the authority considers appropriate; and

(B) an amount that is not less than the minimum monthly rental amount under subsection (b)(1) nor more than any maximum monthly rental amount established for the dwelling unit pursuant to subsection (b)(2).

Notwithstanding any other provision of this subsection, the amount paid by an elderly family or a disabled family for monthly rent for a dwelling unit in public housing may not exceed 30 percent of the family's adjusted monthly income. Notwithstanding any other provision of this subsection, the amount paid by a family whose head (or whose spouse) is a veteran (as such term is defined in section 203(b) of the National Housing Act) for monthly rent for a dwelling unit in public housing may not exceed 30 percent of the family's adjusted monthly income. In determining the amount of the rent charged under

this paragraph for a dwelling unit, a local housing and management authority shall take into consideration the characteristics of the population served by the authority, the goals of the local housing management plan for the authority, and the goals under the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act (or any consolidated plan incorporating such strategy) for the applicable jurisdiction.

(2) EXCEPTIONS.—Notwithstanding any other provision of this section, the amount paid for monthly rent for a dwelling unit in public housing may not exceed 30 percent of the family's adjusted monthly income for any family who—

(A) upon the date of the enactment of this Act, is residing in any dwelling unit in public housing and—

(i) is an elderly family; or

(ii) is a disabled family; or

(B) has an income that does not exceed 30 percent of the median income for the area (as determined by the Secretary with adjustments for smaller and larger families).

(b) ALLOWABLE RENTS.—

(1) MINIMUM RENTAL.—Each local housing and management authority shall establish, for each dwelling unit in public housing owned or administered by the authority, a minimum monthly rental contribution toward the rent (which rent shall include any amount allowed for utilities), which—

(A) may not be less than $25, nor more than $50; and

(B) may be increased annually by the authority, except that no such annual increase may exceed 10 percent of the amount of the minimum monthly rental contribution in effect for the preceding year.

Notwithstanding the preceding sentence, a local housing and management authority may, in its sole discretion, grant an exemption in whole or in part from payment of the minimum monthly rental contribution established under this paragraph to any family unable to pay such amount because of severe financial hardships. Severe financial hardships may include situations where the family is awaiting an eligibility determination for a Federal, State, or local assistance program, where the family would be evicted as a result of imposition of the minimum rent, and other situations as may be determined by the authority.

(2) MAXIMUM RENTAL.—Each local housing and management authority may establish, for each dwelling unit in public housing owned or administered by the authority, a maximum monthly rental amount, which shall be an amount determined by the authority which is based on, but does not exceed—

(A) the average, for dwelling units of similar size in public housing developments owned and operated by such authority, of operating expenses attributable to such units;

(B) the reasonable rental value of the unit; or

(C) the local market rent for comparable units of similar size.

(c) INCOME REVIEWS.—If a local housing and management authority establishes the amount of rent paid by a family for a public housing dwelling unit based on the adjusted income of the family, the authority shall review the incomes of such family occupying dwelling units in public housing owned or administered by the authority not less than annually.

(d) REVIEW OF MAXIMUM AND MINIMUM RENTS.—

(1) RENTAL CHARGES.—If the Secretary determines, at any time, that a significant percentage of the public housing dwelling units owned or operated

by a large local housing and management authority are occupied by households paying more than 30 percent of their adjusted incomes for rent, the Secretary shall review the maximum and minimum monthly rental amounts established by the authority.

(2) POPULATION SERVED.—If the Secretary determines, at any time, that less than 40 percent of the public housing dwelling units owned or operated by a large local housing and management authority are occupied by households whose incomes do not exceed 30 percent of the area median income, the Secretary shall review the maximum and minimum monthly rental amounts established by the authority.

(3) MODIFICATION OF MAXIMUM AND MINIMUM RENTAL AMOUNTS.—If, pursuant to review under this subsection, the Secretary determines that the maximum and minimum rental amounts for a large local housing and management authority are not appropriate to serve the needs of the low-income population of the jurisdiction served by the authority (taking into consideration the financial resources and costs of the authority), as identified in the approved local housing management plan of the authority, the Secretary may require the authority to modify the maximum and minimum monthly rental amounts.

(4) LARGE LHMA.—For purposes of this subsection, the term "large local housing and management authority" means a local housing and management authority that owns or operates 1250 or more public housing dwelling units.

(e) PHASE-IN OF RENT CONTRIBUTION INCREASES.—

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

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

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

(2) EXCEPTION.—The minimum rent contribution requirement under subsection (b)(1)(A) shall apply to each family described in paragraph (1) of this subsection, notwithstanding such paragraph.

SEC. 226. LEASE REQUIREMENTS.

In renting dwelling units in a public housing development, each local housing and management authority shall utilize leases that—

(1) do not contain unreasonable terms and conditions;

(2) obligate the local housing and management authority to maintain the development in compliance with the housing quality requirements under section 232;

(3) require the local housing and management authority to give adequate written notice of termination of the lease, which shall not be less than—

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

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

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

(4) require that the local housing and management authority may not terminate the tenancy except for violation of the terms or conditions of the lease, violation of applicable Federal, State, or local law, or for other good cause;

(5) provide that the local housing and management authority may terminate the tenancy of a public housing resident for any activity, engaged in by a public housing resident, any member of the resident's household, or any guest or other person under the resident's control, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other residents or employees of the local housing and management authority or other manager of the housing;

(B) threatens the health or safety of, or right to peaceful enjoyment of their premises by, persons residing in the immediate vicinity of the premises; or

(C) is criminal activity (including drug-related criminal activity) on or off such premises;

(6) provide that any occupancy in violation of the provisions of section 105 shall be cause for termination of tenancy; and

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

SEC. 227. DESIGNATED HOUSING FOR ELDERLY AND DISABLED FAMILIES

(a) AUTHORITY TO PROVIDE DESIGNATED HOUSING.—

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

(2) PRIORITY FOR OCCUPANCY.—In determining priority for admission to public housing developments (or portions of developments) that are designated for occupancy as provided in paragraph (1), the local

housing and management authority may make units in such developments (or portions) available only to the types of families for whom the development is designated.

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

(b) STANDARDS REGARDING EVICTIONS.—Except as provided in section 105(b)(1)(B), any tenant who is lawfully residing in a dwelling unit in a public housing development may not be evicted or otherwise required to vacate such unit because of the designation of the development (or portion of a development) pursuant to this section or because of any action taken by the Secretary or any local housing and management authority pursuant to this section.

(c) RELOCATION ASSISTANCE.—A local housing and management authority that designates any existing development or building, or portion thereof, for occupancy as provided under subsection (a)(1) shall provide, to each per-

son and family who agrees to be relocated in connection with such designation—

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

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

(3) payment of actual, reasonable moving expenses.

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

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

(A) to achieve the housing goals for the jurisdiction under the comprehensive housing affordability strategy under section 105 of the

Cranston-Gonzalez National Affordable Housing Act; and

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

(2) includes a description of—

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

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

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

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

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

For purposes of this subsection, the term 'supportive services' means services designed to meet the special needs of residents. Notwithstanding section 108, the Secretary may

approve a local housing management plan without approving the portion of the plan covering designation of a development pursuant to this section.

(e) EFFECTIVENESS.—

(1) Initial 5-year effectiveness.—The information required under subsection (d) shall be in effect for purposes of this section during the 5-year period that begins upon notification under section 108(a) of the local housing and management authority that the information complies with the requirements under section 107 and this section.

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

(3) TREATMENT OF EXISTING PLANS.—Notwithstanding any other provision of this section, a local housing and management authority shall be consid-

ered to have submitted the information required under this section if the authority has submitted to the Secretary an application and allocation plan under section 7 of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act) that has not been approved or disapproved before such date of enactment.

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

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

(h) USE OF AMOUNTS.—Any amounts appropriated pursuant to section 10(b) of the Housing Opportunity Pro-

gram Extension Act of 1996 (Public Law 104–120) may also be used for choice-based rental housing assistance under title III for local housing and management authorities to implement this section.

Subtitle C—Management

SEC. 231. MANAGEMENT PROCEDURES.

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

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

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

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

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

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

SEC. 232. HOUSING QUALITY REQUIREMENTS.

(a) IN GENERAL.—Each local housing and management authority that receives grant amounts under this Act shall maintain its public housing in a condition that complies—

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

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

(b) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this subsection that ensure that public housing dwelling units are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under section 328(b). The Secretary shall differentiate between major and minor violations of such standards.

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

(d) ANNUAL INSPECTIONS.—Each local housing and management authority that owns or operates public housing shall make an annual inspection of each public housing development to determine whether units in the development are maintained in accordance with the requirements under subsection (a). The authority shall submit the results of such inspections to the Secretary and the Inspector General for the Department of Housing and Urban Development and such results shall be available to the Housing Foundation

and Accreditation Board established under title IV and any auditor conducting an audit under section 432.

SEC. 233. EMPLOYMENT OF RESIDENTS.

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

(1) in subsection (c)(1)—

(A) in subparagraph (A)—

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

(ii) by striking "development assistance" and all that follows through the end and inserting "assistance provided under title II of the United States Housing Act of 1996 and used for the housing production, operation, or capital needs."; and

(B) in subparagraph (B)(ii), by striking "managed by the public or Indian housing agency" and inserting "assisted by the local housing and management authority or the recipient of a grant under the Native American Housing As-

sistance and Self-Determination Act of 1996"; and

(2) in subsection (d)(1)—

(A) in subparagraph (A)—

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

(ii) by striking "development assistance" and all that follows through "section 14 of that Act" and inserting "assistance provided under title II of the United States Housing Act of 1996 and used for the housing production, operation, or capital needs"; and

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

SEC. 234. RESIDENT COUNCILS AND RESIDENT MANAGEMENT CORPORATIONS.

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

(1) is nonprofit in character;

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

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

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

(b) RESIDENT MANAGEMENT CORPORATIONS.—

(1) ESTABLISHMENT.—The residents of a public housing development may establish a resident management corporation for the purpose of assuming the responsibility for the management of the development under section 235 or purchasing a development.

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

(A) is nonprofit in character;

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

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

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

SEC. 235. MANAGEMENT BY RESIDENT MANAGEMENT CORPORATION.

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

(b) CONTRACT.—A contract under this section for management of public housing developments by a resident management corporation shall establish the respective management rights and responsibilities of the corporation and the local housing and management authority. The contract shall be consistent with the requirements of this Act applicable to public housing development and may include specific terms governing management personnel and compensation, access to public housing records, submission of and adherence to budgets, rent collection procedures, resident income verification, resident eligibility determina-

tions, resident eviction, the acquisition of supplies and materials and such other matters as may be appropriate. The contract shall be treated as a contracting out of services.

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

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

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

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

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

(4) any income generated by a resident management corporation of a public housing development that exceeds the income estimated under the contract shall be used for eligible activities under section 203(a).

(e) CALCULATION OF TOTAL INCOME.—

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

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

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

SEC. 236. TRANSFER OF MANAGEMENT OF CERTAIN HOUSING TO INDEPENDENT MANAGER AT REQUEST OF RESIDENTS.

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

(1) such housing is owned or operated by a local housing and management authority that is—

(A) not accredited under section 433 by the Housing Foundation and Accreditation Board; or

(B) designated as a troubled authority under section 431(a)(2); and

(2) the Secretary determines that—

(A) such housing has deferred maintenance, physical deterioration, or obsolescence of major

systems and other deficiencies in the physical plant of the project;

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

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

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

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

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

(c) CONTRACT BETWEEN SECRETARY AND MANAGER.—

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

(2) TERMS.— A contract under this subsection shall contain provisions establishing the rights and responsibilities of the manager with respect to the

specified housing and the Secretary and shall be consistent with the requirements of this Act applicable to public housing developments.

(d) COMPLIANCE WITH LOCAL HOUSING MANAGEMENT PLAN.—A manager of specified housing under this section shall comply with the approved local housing management plan applicable to the housing and shall submit such information to the local housing and management authority from which management was transferred as may be necessary for such authority to prepare and update its local housing management plan.

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

(f) LIMITATION ON LHMA LIABILITY.—A local housing and management authority that is not a manager for specified housing shall not be liable for any act or failure to act by a manager or resident council for the specified housing.

(g) TREATMENT OF MANAGER.—To the extent not inconsistent with this section and to the extent the Secretary determines not inconsistent with the purposes of this Act, a manager of specified housing under this section shall be

considered to be a local housing and management authority for purposes of this title.

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

(1) ELIGIBLE MANAGEMENT ENTITY.—The term "eligible management entity" means, with respect to any public housing development, any of the following entities that has been accredited in accordance with section 433:

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

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

(ii) not include the local housing and management authority that owns the development.

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

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

(D) LOCAL HOUSING AND MANAGEMENT AUTHORITY.—A local housing and management authority (other than the local housing and management authority that owns the development).

The term does not include a resident council.

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

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

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

(A) is incorporated under State or local law;

(B) is nonprofit in character;

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

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

(5) LOCAL HOUSING AND MANAGEMENT AUTHORITY.—The term "local housing and management authority" has the meaning given such term in section 103(a).

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

(7) SPECIFIED HOUSING.—The term "specified housing" means a public housing development or developments, or a portion of a development or developments, for which the transfer of management is requested under this section. The term includes one or more contiguous buildings and an area of contiguous row houses, but in the case of a single building, the building shall be sufficiently separable from the remainder of the development of which it is part to make transfer of the management of the building feasible for purposes of this section.

SEC. 237. RESIDENT OPPORTUNITY PROGRAM.

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

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

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

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

(b) PROGRAM REQUIREMENTS.—

(1) RESIDENT COUNCIL.—As a condition of entering into a resident opportunity program, the elected resident council of a public housing development shall approve the establishment of a resident management corporation that complies with the requirements

of section 234(b)(2). When such approval is made by the elected resident council of a building or row house area, the resident opportunity program shall not interfere with the rights of other families residing in the development or harm the efficient operation of the development. The resident management corporation and the resident council may be the same organization, if the organization complies with the requirements applicable to both the corporation and council.

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

(3) MANAGEMENT RESPONSIBILITIES.—A resident management corporation that qualifies under this section, and that supplies insurance and bonding or equivalent protection sufficient to the Secretary and the local housing and management authority, shall enter into a contract with the authority establishing the respective management rights and respon-

sibilities of the corporation and the authority. The contract shall be treated as a contracting out of services and shall be subject to the requirements under section 234 for such contracts.

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

(c) COMPREHENSIVE IMPROVEMENT ASSISTANCE.—Public housing developments managed by resident management corporations may be provided with modernization assistance from grant amounts under this title for purposes of renovating such developments. If such renovation activities (including the planning and architectural design of the rehabilitation) are administered by a resident management corporation, the local housing and management authority involved may not retain, for any administrative or other reason, any portion of the assistance provided pursuant to this subsection unless otherwise provided by contract.

(d) WAIVER OF FEDERAL REQUIREMENTS.—

(1) WAIVER OF REGULATORY REQUIREMENTS.—Upon the request of any resident management corporation and local housing and management author-

ity, and after notice and an opportunity to comment is afforded to the affected residents, the Secretary may waive (for both the resident management corporation and the local housing and management authority) any requirement established by the Secretary (and not specified in any statute) that the Secretary determines to unnecessarily increase the costs or restrict the income of a public housing development.

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

(3) EXCEPTIONS.—The Secretary may not waive under this subsection any requirement with respect to income eligibility for purposes of section 222, rental payments under section 225, tenant or applicant protections, employee organizing rights, or rights of employees under collective bargaining agreements.

(e) OPERATING ASSISTANCE AND DEVELOPMENT INCOME.—

(1) CALCULATION OF OPERATING SUBSIDY.—Subject only to the exception provided in paragraph (3), the grant amounts received under this title by a local housing and management authority used for op-

erating costs under section 203(a)(2) that are allocated to a public housing development managed by a resident management corporation shall not be less than per unit monthly amount of such assistance used by the local housing and management authority in the previous year, as determined on an individual development basis.

(2) CONTRACT REQUIREMENTS.—Any contract for management of a public housing development entered into by a local housing and management authority and a resident management corporation shall specify the amount of income expected to be derived from the development itself (from sources such as rents and charges) and the amount of income funds to be provided to the development from the other sources of income of the authority (such as operating assistance under section 203(a), interest income, administrative fees, and rents).

(f) RESIDENT MANAGEMENT TECHNICAL ASSISTANCE AND TRAINING.—

(1) FINANCIAL ASSISTANCE.—To the extent budget authority is available under this title, the Secretary shall provide financial assistance to resident management corporations or resident councils that obtain, by contract or otherwise, technical assistance for the de-

velopment of resident management entities, including the formation of such entities, the development of the management capability of newly formed or existing entities, the identification of the social support needs of residents of public housing developments, and the securing of such support. In addition, the Secretary may provide financial assistance to resident management corporations or resident councils for activities sponsored by resident organizations for economic uplift, such as job training, economic development, security, and other self-sufficiency activities beyond those related to the management of public housing. The Secretary may require resident councils or resident management corporations to utilize local housing and management authorities or other qualified organizations as contract administrators with respect to financial assistance provided under this paragraph.

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

(3) PROHIBITION.—A resident management corporation or resident council may not, before the award to the corporation or council of a grant amount under this subsection, enter into any contract

or other agreement with any entity to provide such entity with amounts from the grant for providing technical assistance or carrying out other activities eligible for assistance with amounts under this subsection. Any such agreement entered into in violation of this paragraph shall be void and unenforceable.

(4) FUNDING.—Of any amounts made available for financial assistance under this title, the Secretary may use to carry out this subsection $15,000,000 for fiscal year 1996.

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

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

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

(B) to receive, collect, process, assemble, and disseminate information,

in connection with activities under this subsection.

(g) ASSESSMENT AND REPORT BY SECRETARY.—Not later than 3 years after the date of the enactment of the United States Housing Act of 1996, the Secretary shall—

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

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

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

Subtitle D—Homeownership

SEC. 251. RESIDENT HOMEOWNERSHIP PROGRAMS.

(a) IN GENERAL.—A local housing and management authority may carry out a homeownership program in ac-

cordance with this section and the local housing management plan of the authority to make public housing dwelling units, public housing developments, and other housing projects available for purchase by low-income families. An authority may transfer a unit only pursuant to a homeownership program approved by the Secretary. Notwithstanding section 108, the Secretary may approve a local housing management plan without approving the portion of the plan regarding a homeownership program pursuant to this section.

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

(c) ELIGIBLE PURCHASERS.—

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

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

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

(e) DOWNPAYMENT REQUIREMENT.—

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

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

(f) OWNERSHIP INTERESTS.—A homeownership program under this section may provide for sale to the purchasing family of any ownership interest that the local housing and management authority considers appropriate under the program, including ownership in fee simple, a condominium interest, an interest in a limited dividend co-

operative, a shared appreciation interest with a local housing and management authority providing financing.

(g) RESALE.—

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

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

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

(2) CONSIDERATIONS.—The limitations referred to in paragraph (1) may provide for consideration of the aggregate amount of assistance provided under the

program to the family, the contribution to equity provided by the purchasing eligible family, the period of time elapsed between purchase under the homeownership program and resale, the reason for resale, any improvements to the property made by the eligible family, any appreciation in the value of the property, and any other factors that the authority considers appropriate.

(h) INAPPLICABILITY OF DISPOSITION REQUIREMENTS.—The provisions of section 261 shall not apply to disposition of public housing dwelling units under a homeownership program under this section, except that any dwelling units sold under such a program shall be treated as public housing dwelling units for purposes of subsections (e) and (f) of section 261.

Subtitle E—Disposition, Demolition, and Revitalization of Developments

SEC. 261. REQUIREMENTS FOR DEMOLITION AND DISPOSITION OF DEVELOPMENTS.

(a) AUTHORITY AND FLEXIBILITY.—A local housing and management authority may demolish, dispose of, or demolish and dispose of nonviable or nonmarketable public housing developments of the authority in accordance with this section.

(b) LOCAL HOUSING MANAGEMENT PLAN REQUIREMENT.—A local housing and management authority may take any action to demolish or dispose of a public housing development (or a portion of a development) only if such demolition or disposition complies with the provisions of this section and is in accordance with the local housing management plan for the authority. Notwithstanding section 108, the Secretary may approve a local housing management plan without approving the portion of the plan covering demolition or disposition pursuant to this section.

(c) PURPOSE OF DEMOLITION OR DISPOSITION.—A local housing and management authority may demolish or dispose of a public housing development (or portion of a development) only if the authority provides sufficient evidence to the Secretary that—

(1) the development (or portion thereof) is severely distressed or obsolete;

(2) the development (or portion thereof) is in a location making it unsuitable for housing purposes;

(3) the development (or portion thereof) has design or construction deficiencies that make cost-effective rehabilitation infeasible;

(4) assuming that reasonable rehabilitation and management intervention for the development has been completed and paid for, the anticipated revenue

that would be derived from charging market-based rents for units in the development (or portion thereof) would not cover the anticipated operating costs and replacement reserves of the development (or portion) at full occupancy and the development (or portion) would constitute a substantial burden on the resources of the local housing and management authority;

(5) retention of the development (or portion thereof) is not in the best interests of the residents of the local housing and management authority because—

(A) developmental changes in the area surrounding the development adversely affect the health or safety of the residents or the feasible operation of the development by the local housing and management authority;

(B) demolition or disposition will allow the acquisition, development, or rehabilitation of other properties which will be more efficiently or effectively operated as low-income housing; or

(C) other factors exist that the authority determines are consistent with the best interests of the residents and the authority and not inconsistent with other provisions of this Act;

(6) in the case only of demolition or disposition of a portion of a development, the demolition or disposition will help to ensure the remaining useful life of the remainder of the development; or

(7) in the case only of property other than dwelling units—

(A) the property is excess to the needs of a development; or

(B) the demolition or disposition is incidental to, or does not interfere with, continued operation of a development.

(d) CONSULTATION.—A local housing and management authority may demolish or dispose of a public housing development (or portion of a development) only if the authority notifies and confers regarding the demolition or disposition with—

(1) the residents of the development (or portion); and

(2) appropriate local government officials.

(e) USE OF PROCEEDS.—Any net proceeds from the disposition of a public housing development (or portion of a development) shall be used for—

(1) housing assistance for low-income families that is consistent with the low-income housing needs of the community, through acquisition, development,

or rehabilitation of, or homeownership programs for, other low-income housing or the provision of choice-based assistance under title III for such families;

(2) supportive services relating to job training or child care for residents of a development or developments; or

(3) leveraging amounts for securing commercial enterprises, on-site in public housing developments of the local housing and management authority, appropriate to serve the needs of the residents.

(f) RELOCATION.—A local housing and management authority that demolishes or disposes of a public housing development (or portion of a development thereof) shall ensure that—

(1) each family that is a resident of the development (or portion) that is demolished or disposed of is relocated to other safe, clean, healthy, and affordable housing, which is, to the maximum extent practicable, housing of the family's choice or is provided with choice-based assistance under title III;

(2) the local housing and management authority does not take any action to dispose of any unit until any resident to be displaced is relocated in accordance with paragraph (1); and

(3) each resident family to be displaced is paid relocation expenses, and the rent to be paid initially by the resident following relocation does not exceed the amount permitted under section 225(a).

(g) RIGHT OF FIRST REFUSAL FOR RESIDENT ORGANIZATIONS AND RESIDENT MANAGEMENT CORPORATIONS.—

(1) IN GENERAL.—A local housing and management authority may not dispose of a public housing development (or portion of a development) unless the authority has, before such disposition, offered to sell the property, as provided in this subsection, to each resident organization and resident management corporation operating at the development for continued use as low-income housing, and no such organization or corporation purchases the property pursuant to such offer. A resident organization may act, for purposes of this subsection, through an entity formed to facilitate homeownership under subtitle D.

(2) TIMING.—Disposition of a development (or portion thereof) under this section may not take place—

(A) before the expiration of the period during which any such organization or corporation may notify the authority of interest in purchas-

ing the property, which shall be the 30-day period beginning on the date that the authority first provides notice of the proposed disposition of the property to such resident organizations and resident management corporations;

(B) if an organization or corporation submits notice of interest in accordance with subparagraph (A), before the expiration of the period during which such organization or corporation may obtain a commitment for financing to purchase the property, which shall be the 60-day period beginning upon the submission to the authority of the notice of interest; or

(C) if, during the period under subparagraph (B), an organization or corporation obtains such financing commitment and makes a bona fide offer to the authority to purchase the property for a price equal to or exceeding the applicable offer price under paragraph (3).

The authority shall sell the property pursuant to any purchase offer described in subparagraph (C).

(3) TERMS OF OFFER.—An offer by a local housing and management authority to sell a property in accordance with this subsection shall involve a purchase price that reflects the market value of the prop-

erty, the reason for the sale, the impact of the sale on the surrounding community, and any other factors that the authority considers appropriate.

(h) INFORMATION FOR LOCAL HOUSING MANAGEMENT PLAN.—A local housing and management authority may demolish or dispose of a public housing development (or portion thereof) only if it includes in the applicable local housing management plan information sufficient to describe—

(1) the housing to be demolished or disposed of;

(2) the purpose of the demolition or disposition under subsection (c) and why the demolition or disposition complies with the requirements under subsection (c);

(3) how the consultations required under subsection (d) will be made;

(4) how the net proceeds of the disposition will be used in accordance with subsection (e);

(5) how the authority will relocate residents, if necessary, as required under subsection (f); and

(6) that the authority has offered the property for acquisition by resident organizations and resident management corporations in accordance with subsection (g).

(i) SITE AND NEIGHBORHOOD STANDARDS EXEMPTION.—Notwithstanding any other provision of law, a local housing and management authority may provide for development of public housing dwelling units on the same site or in the same neighborhood as any dwelling units demolished, pursuant to a plan under this section, but only if such development provides for significantly fewer dwelling units.

(j) TREATMENT OF REPLACEMENT UNITS.—In connection with any demolition or disposition of public housing under this section, a local housing and management authority may provide for other housing assistance for low-income families that is consistent with the low-income housing needs of the community, including—

(1) the provision of choice-based assistance under title III; and

(2) the development, acquisition, or lease by the authority of dwelling units, which dwelling units shall—

(A) be eligible to receive assistance with grant amounts provided under this title; and

(B) be made available for occupancy, operated, and managed in the manner required for public housing, and subject to the other require-

ments applicable to public housing dwelling units.

(k) PERMISSIBLE RELOCATION WITHOUT PLAN.—If a local housing and management authority determines that public housing dwelling units are not clean, safe, and healthy or cannot be maintained cost-effectively in a clean, safe, and healthy condition, the local housing and management authority may relocate residents of such dwelling units before the submission of a local housing management plan providing for demolition or disposition of such units.

(l) CONSOLIDATION OF OCCUPANCY WITHIN OR AMONG BUILDINGS.—Nothing in this section may be construed to prevent a local housing and management authority from consolidating occupancy within or among buildings of a public housing development, or among developments, or with other housing for the purpose of improving living conditions of, or providing more efficient services to, residents.

(m) DE MINIMIS EXCEPTION TO DEMOLITION REQUIREMENTS.—Notwithstanding any other provision of this section, in any 5-year period a local housing and management authority may demolish not more than the lesser of 5 dwelling units or 5 percent of the total dwelling units owned and operated by the local housing and management authority, without providing for such demolition in a local housing management plan, but only if the space occupied

by the demolished unit is used for meeting the service or other needs of public housing residents or the demolished unit was beyond repair.

SEC. 262. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND CHOICE-BASED ASSISTANCE GRANTS FOR DEVELOPMENTS.

(a) PURPOSES.—The purpose of this section is to provide assistance to local housing and management authorities for the purposes of—

(1) reducing the density and improving the living environment for public housing residents of severely distressed public housing developments through the demolition of obsolete public housing developments (or portions thereof);

(2) revitalizing sites (including remaining public housing dwelling units) on which such public housing developments are located and contributing to the improvement of the surrounding neighborhood; and

(3) providing housing that will avoid or decrease the concentration of very low-income families; and

(4) providing choice-based assistance in accordance with title III for the purpose of providing replacement housing and assisting residents to be displaced by the demolition.

(b) GRANT AUTHORITY.—The Secretary may make grants available to local housing and management authorities as provided in this section.

(c) CONTRIBUTION REQUIREMENT.—The Secretary may not make any grant under this section to any applicant unless the applicant certifies to the Secretary that the applicant will supplement the amount of assistance provided under this section with an amount of funds from sources other than this section equal to not less than 5 percent of the amount provided under this section, including amounts from other Federal sources, any State or local government sources, any private contributions, and the value of any in-kind services or administrative costs provided.

(d) ELIGIBLE ACTIVITIES.—Grants under this section may be used for activities to carry out revitalization programs for severely distressed public housing, including—

(1) architectural and engineering work, including the redesign, reconstruction, or redevelopment of a severely distressed public housing development, including the site on which the development is located;

(2) the demolition, sale, or lease of the site, in whole or in part;

(3) covering the administrative costs of the applicant, which may not exceed such portion of the as-

sistance provided under this section as the Secretary may prescribe;

(4) payment of reasonable legal fees;

(5) providing reasonable moving expenses for residents displaced as a result of the revitalization of the development;

(6) economic development activities that promote the economic self-sufficiency of residents under the revitalization program;

(7) necessary management improvements;

(8) leveraging other resources, including additional housing resources, retail supportive services, jobs, and other economic development uses on or near the development that will benefit future residents of the site;

(9) replacement housing and housing assistance under title III;

(10) transitional security activities; and

(11) necessary supportive services, except that not more than 10 percent of the amount of any grant may be used for activities under this paragraph.

(e) APPLICATION AND SELECTION.—

(1) APPLICATION.—An application for a grant under this section shall contain such information and

shall be submitted at such time and in accordance with such procedures, as the Secretary shall prescribe.

(2) SELECTION CRITERIA.—The Secretary shall establish selection criteria for the award of grants under this section, which shall include—

(A) the relationship of the grant to the local housing management plan for the local housing and management authority and how the grant will result in a revitalized site that will enhance the neighborhood in which the development is located;

(B) the capability and record of the applicant local housing and management authority, or any alternative management agency for the authority, for managing large-scale redevelopment or modernization projects, meeting construction timetables, and obligating amounts in a timely manner;

(C) the extent to which the local housing and management authority could undertake such activities without a grant under this section;

(D) the extent of involvement of residents, State and local governments, private service providers, financing entities, and developers, in the

development of a revitalization program for the development; and

(E) the amount of funds and other resources to be leveraged by the grant.

The Secretary shall give preference in selection to any local housing and management authority that has been awarded a planning grant under section 24(c) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act).

(f) COST LIMITS.—Subject to the provisions of this section, the Secretary—

(1) shall establish cost limits on eligible activities under this section sufficient to provide for effective revitalization programs; and

(2) may establish other cost limits on eligible activities under this section.

(h) DEMOLITION AND REPLACEMENT.—Any severely distressed public housing demolished or disposed of pursuant to a revitalization plan and any public housing produced in lieu of such severely distressed housing, shall be subject to the provisions of section 261.

(i) ADMINISTRATION BY OTHER ENTITIES.—The Secretary may require a grantee under this section to make arrangements satisfactory to the Secretary for use of an entity other than the local housing and management authority

to carry out activities assisted under the revitalization plan, if the Secretary determines that such action will help to effectuate the purposes of this section.

(j) WITHDRAWAL OF FUNDING.—If a grantee under this section does not proceed expeditiously, in the determination of the Secretary, the Secretary shall withdraw any grant amounts under this section that have not been obligated by the local housing and management authority. The Secretary shall redistribute any withdrawn amounts to one or more local housing and management authorities eligible for assistance under this section or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the revitalization plan of the original grantee.

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

(1) APPLICANT.—The term "applicant" means—

(A) any local housing and management authority that is not designated as troubled or dysfunctional pursuant to section 431(a)(2);

(B) any local housing and management authority or private housing management agent selected, or receiver appointed pursuant, to section 438; and

(C) any local housing and management authority that is designated as troubled pursuant to section 431(a)(2)(D) that—

(i) is so designated principally for reasons that will not affect the capacity of the authority to carry out a revitalization program;

(ii) is making substantial progress toward eliminating the deficiencies of the authority; or

(iii) is otherwise determined by the Secretary to be capable of carrying out a revitalization program.

(2) PRIVATE NONPROFIT CORPORATION.—The term "private nonprofit organization" means any private nonprofit organization (including a State or locally chartered nonprofit organization) that—

(A) is incorporated under State or local law;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

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

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

(3) SEVERELY DISTRESSED PUBLIC HOUSING.—The term "severely distressed public housing" means a public housing development (or building in a development)—

(A) that requires major redesign, reconstruction or redevelopment, or partial or total demolition, to correct serious deficiencies in the original design (including inappropriately high population density), deferred maintenance, physical deterioration or obsolescence of major systems and other deficiencies in the physical plant of the development;

(B) is a significant contributing factor to the physical decline of and disinvestment by public and private entities in the surrounding neighborhood;

(C)(i) is occupied predominantly by families who are very low-income families with children, are unemployed, and dependent on various forms of public assistance; and

(ii) has high rates of vandalism and criminal activity (including drug-related criminal ac-

tivity) in comparison to other housing in the area;

(D) cannot be revitalized through assistance under other programs, such as the public housing block grant program under this title, or the programs under sections 9 and 14 of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act), because of cost constraints and inadequacy of available amounts; and

(E) in the case of individual buildings, the building is, in the Secretary's determination, sufficiently separable from the remainder of the development of which the building is part to make use of the building feasible for purposes of this section.

(4) SUPPORTIVE SERVICES.—The term "supportive services" includes all activities that will promote upward mobility, self-sufficiency, and improved quality of life for the residents of the public housing development involved, including literacy training, job training, day care, and economic development activities.

(l) ANNUAL REPORT.—The Secretary shall submit to the Congress an annual report setting forth—

(1) the number, type, and cost of public housing units revitalized pursuant to this section;

(2) the status of developments identified as severely distressed public housing;

(3) the amount and type of financial assistance provided under and in conjunction with this section; and

(4) the recommendations of the Secretary for statutory and regulatory improvements to the program established by this section.

(m) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section $480,000,000 for each of fiscal years 1996, 1997, and 1998.

(2) TECHNICAL ASSISTANCE.—Of the amount appropriated pursuant to paragraph (1) for any fiscal year, the Secretary may use not more than 0.50 percent for technical assistance. Such assistance may be provided directly or indirectly by grants, contracts, or cooperative agreements, and shall include training, and the cost of necessary travel for participants in such training, by or to officials of the Department of Housing and Urban Development, of local housing and management authorities, and of residents.

(n) SUNSET.—No assistance may be provided under this section after September 30, 1998.

SEC. 263. VOLUNTARY VOUCHER SYSTEM FOR PUBLIC HOUSING.

(a) IN GENERAL.—A local housing and management authority may convert any public housing development (or portion thereof) owned and operated by the authority to a system of choice-based rental housing assistance under title III, in accordance with this section.

(b) ASSESSMENT AND PLAN REQUIREMENT.—In converting under this section to a choice-based rental housing assistance system, the local housing and management authority shall develop a conversion assessment and plan under this subsection, in consultation with the appropriate public officials and with significant participation by the residents of the development (or portion thereof), which assessment and plan shall—

(1) be consistent with and part of the local housing management plan for the authority;

(2) describe the conversion and future use or disposition of the public housing development, including an impact analysis on the affected community;

(3) include a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority require-

ments) of providing choice-based rental housing assistance under title III for the same families in substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing development proposed for conversion for the remaining useful life of the development; and

(4) identify the actions, if any, that the local housing and management authority will take with regard to converting any public housing development or developments (or portions thereof) of the authority to a system of choice-based rental housing assistance under title III.

(c) STREAMLINED ASSESSMENT AND PLAN.—At the discretion of the Secretary or at the request of a local housing and management authority, the Secretary may waive any or all of the requirements of subsection (b) or otherwise require a streamlined assessment with respect to any public housing development or class of public housing developments.

(d) IMPLEMENTATION OF CONVERSION PLAN.—

(1) IN GENERAL.—A local housing and management authority may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

(A) will not be more expensive than continuing to operate the public housing development (or portion thereof) as public housing; and

(B) will principally benefit the residents of the public housing development (or portion thereof) to be converted, the local housing and management authority, and the community.

(2) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is plainly inconsistent with the conversion assessment under subsection (b) or there is reliable information and data available to the Secretary that contradicts that conversion assessment.

(e) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the local housing and management authority to provide choice-based rental housing assistance under title III shall be added to the housing assistance payment contract administered by the local housing and management authority or any entity administering the contract on behalf of the local housing and management authority.

(f) SAVINGS PROVISION.—This section does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937 (as such section existed immediately before the enactment of this Act).

Subtitle F—General Provisions

SEC. 271. CONVERSION TO BLOCK GRANT ASSISTANCE.

(a) SAVINGS PROVISIONS.—Any amounts made available to a public housing agency for assistance for public housing pursuant to the United States Housing Act of 1937 (or any other provision of law relating to assistance for public housing) under an appropriation for fiscal year 1996 or any previous fiscal year shall be subject to the provisions of such Act as in effect before the enactment of this Act, notwithstanding the repeals made by this Act, except to the extent the Secretary provides otherwise to provide for the conversion of public housing and public housing assistance to the system provided under this Act.

(b) MODIFICATIONS.—Notwithstanding any provision of this Act or any annual contributions contract or other agreement entered into by the Secretary and a public housing agency pursuant to the provisions of the United States Housing Act of 1937 (as in effect before the enactment of this Act), the Secretary and the agency may by mutual consent amend, supersede, modify any such agreement as appropriate to provide for assistance under this title, except that the Secretary and the agency may not consent to any such amendment, supersession, or modification that substantially alters any outstanding obligations requiring continued maintenance of the low-income character of any pub-

lic housing development and any such amendment, supersession, or modification shall not be given effect.

SEC. 272. PAYMENT OF NON-FEDERAL SHARE.

Rental or use-value of buildings or facilities paid for, in whole or in part, from production, modernization, or operation costs financed under this title may be used as the non-Federal share required in connection with activities undertaken under Federal grant-in-aid programs which provide social, educational, employment, and other services to the residents in a project assisted under this title.

SEC. 273. DEFINITIONS.

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

(1) ACQUISITION COST.—The term "acquisition cost" means the amount prudently expended by a local housing and management authority in acquiring property for a public housing development.

(2) DEVELOPMENT.—The terms "public housing development" and "development" mean—

(A) public housing; and

(B) the improvement of any such housing.

(3) ELIGIBLE LOCAL HOUSING AND MANAGEMENT AUTHORITY.—The term "eligible local housing and management authority" means, with respect to a fiscal year, a local housing and management authority

that is eligible under section 202(d) for a grant under this title.

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

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

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

(7) PRODUCTION COST.—The term "production cost" means the costs incurred by a local housing and management authority for production of public hous-

ing and the necessary financing for production (including the payment of carrying charges and acquisition costs).

(8) RESIDENT COUNCIL.—The term "resident council" means an organization or association that meets the requirements of section 234(a).

(9) RESIDENT MANAGEMENT CORPORATION.—The term "resident management corporation" means a corporation that meets the requirements of section 234(b).

(10) RESIDENT PROGRAM.—The term "resident programs and services" means programs and services for families residing in public housing developments. Such term includes (A) the development and maintenance of resident organizations which participate in the management of public housing developments, (B) the training of residents to manage and operate the public housing development and the utilization of their services in management and operation of the development, (C) counseling on household management, housekeeping, budgeting, money management, homeownership issues, child care, and similar matters, (D) advice regarding resources for job training and placement, education, welfare, health, and other community services, (E) services that are directly related to

meeting resident needs and providing a wholesome living environment; and (F) referral to appropriate agencies in the community when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

SEC. 274. AUTHORIZATION OF APPROPRIATIONS FOR BLOCK GRANTS.

There are authorized to be appropriated for grants under this title, the following amounts:

(1) CAPITAL FUND.—For the allocations from the capital fund for grants, $2,500,000,000 for each of fiscal years 1997, 1998, 1999, and 2000; and

(2) OPERATING FUND.—For the allocations from the operating fund for grants, $2,800,000,000 for each of fiscal years 1997, 1998, 1999, and 2000.

SEC. 275. AUTHORIZATION OF APPROPRIATIONS FOR OPERATION SAFE HOME.

There is authorized to be appropriated, for assistance for relocating residents of public housing under the operation safe home program of the Department of Housing and Urban Development (including assistance for costs of relocation and housing assistance under title III), $700,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000. The

Secretary shall provide that families who are residing in public housing, who have been subject to domestic violence, and for whom provision of assistance is likely to reduce or eliminate the threat of subsequent violence to the members of the family, shall be eligible for assistance under the operation safe home program.

TITLE III—CHOICE-BASED RENTAL HOUSING AND HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES

Subtitle A—Allocation

SEC. 301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE AMOUNTS.

To the extent that amounts to carry out this title are made available, the Secretary may enter into contracts with local housing and management authorities for each fiscal year to provide housing assistance under this title.

SEC. 302. CONTRACTS WITH LHMA'S.

(a) CONDITION OF ASSISTANCE.—The Secretary may provide amounts under this title to a local housing and management authority for a fiscal year only if the Secretary has entered into a contract under this section with the local housing and management authority, under which the Secretary shall provide such authority with amounts (in the amount of the allocation for the authority deter-

mined pursuant to section 304) for housing assistance under this title for low-income families.

(b) USE FOR HOUSING ASSISTANCE.—A contract under this section shall require a local housing and management authority to use amounts provided under this title to provide housing assistance in any manner authorized under this title.

(c) ANNUAL OBLIGATION OF AUTHORITY.—A contract under this title shall provide amounts for housing assistance for 1 fiscal year covered by the contract.

(d) ENFORCEMENT OF HOUSING QUALITY REQUIREMENTS.—Each contract under this section shall require the local housing and management authority administering assistance provided under the contract—

(1) to ensure compliance, under each housing assistance payments contract entered into pursuant to the contract under this section, with the provisions of the housing assistance payments contract included pursuant to section 351(c)(4); and

(2) to establish procedures for assisted families to notify the authority of any noncompliance with such provisions.

SEC. 303. ELIGIBILITY OF LHMA'S FOR ASSISTANCE AMOUNTS.

The Secretary may provide amounts available for housing assistance under this title pursuant to the formula established under section 304(a) to a local housing and management authority only if—

(1) the authority has submitted a local housing management plan to the Secretary for such fiscal year and applied to the Secretary for such assistance;

(2) the plan has been determined to comply with the requirements under section 107 and the Secretary has not notified the authority that the plan fails to comply with such requirements;

(3) the authority is accredited under section 433 by the Housing Foundation and Accreditation Board;

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

(5) the authority has not been disqualified for assistance pursuant to subtitle B of title IV.

SEC. 304. ALLOCATION OF AMOUNTS.

(a) FORMULA ALLOCATION.—

(1) IN GENERAL.—When amounts for assistance under this title are first made available for reservation, after reserving amounts in accordance with subsections (b)(3) and (c), and section 112, the Secretary

shall allocate such amounts, only among local housing and management authorities meeting the requirements under this title to receive such assistance, on the basis of a formula that is established in accordance with paragraph (2) and based upon appropriate criteria to reflect the needs of different States, areas, and communities, using the most recent data available from the Bureau of the Census of the Department of Commerce and the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act (or any consolidated plan incorporating such strategy) for the applicable jurisdiction. The Secretary may establish a minimum allocation amount, in which case only the local housing and management authorities that, pursuant to the formula, are provided an amount equal to or greater than the minimum allocation amount, shall receive an allocation.

(2) REGULATIONS.—The formula under this subsection shall be established by regulation issued by the Secretary. Notwithstanding sections 563(a) and 565(a) of title 5, United States Code, any proposed regulation containing such formula shall be issued pursuant to a negotiated rulemaking procedure under subchapter of chapter 5 of such title and the Secretary

shall establish a negotiated rulemaking committee for development of any such proposed regulations.

(b) ALLOCATION CONSIDERATIONS.—

(1) LIMITATION ON REALLOCATION FOR ANOTHER STATE.—Any amounts allocated for a State or areas or communities within a State that are not likely to be used within the fiscal year for which the amounts are provided shall not be reallocated for use in another State, unless the Secretary determines that other areas or communities within the same State (that are eligible for amounts under this title) cannot use the amounts within the same fiscal year.

(2) EFFECT OF RECEIPT OF TENANT-BASED ASSISTANCE FOR DISABLED FAMILIES.—The Secretary may not consider the receipt by a local housing and management authority of assistance under section 811(b)(1) of the Cranston-Gonzalez National Affordable Housing Act, or the amount received, in approving amounts under this title for the authority or in determining the amount of such assistance to be provided to the authority.

(3) EXEMPTION FROM FORMULA ALLOCATION.—The formula allocation requirements of subsection (a) shall not apply to any assistance under this title that is approved in appropriation Acts for uses that the

Secretary determines are incapable of geographic allocation, including funding for the headquarters reserve fund under section 112, amendments of existing housing assistance payments contracts, renewal of such contracts, assistance to families that would otherwise lose assistance due to the decision of the project owner to prepay the project mortgage or not to renew the housing assistance payments contract, assistance to prevent displacement from public or assisted housing or to provide replacement housing in connection with the demolition or disposition of public housing, assistance for relocation from public housing, assistance in connection with protection of crime witnesses, assistance for conversion from leased housing contracts under section 23 of the United States Housing Act of 1937 (as in effect before the enactment of the Housing and Community Development Act of 1974), and assistance in support of the property disposition and portfolio management functions of the Secretary.

(c) RECAPTURE OF AMOUNTS.—

(1) AUTHORITY.—In each fiscal year, from any budget authority made available for assistance under this title or section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act) that is obligated to a local housing and manage-

ment authority but remains unobligated by the authority upon the expiration of the 8-month period beginning upon the initial availability of such amounts for obligation by the authority, the Secretary may deobligate an amount, as determined by the Secretary, not exceeding 50 percent of such unobligated amount.

(2) USE.—The Secretary may reallocate and transfer any amounts deobligated under paragraph (1) only to local housing and management authorities in areas that the Secretary determines have received less funding than other areas, based on the relative needs of all areas.

SEC. 305. ADMINISTRATIVE FEES.

(a) FEE FOR ONGOING COSTS OF ADMINISTRATION.—

(1) IN GENERAL.—The Secretary shall establish fees for the costs of administering the choice-based housing assistance program under this title.

(2) FISCAL YEAR 1996.—

(A) CALCULATION.—For fiscal year 1996, the fee for each month for which a dwelling unit is covered by a contract for assistance under this title shall be—

(i) in the case of a local housing and management authority that, on an annual

basis, is administering a program for not more than 600 dwelling units, 7.65 percent of the base amount; and

(ii) in the case of an authority that, on an annual basis, is administering a program for more than 600 dwelling units—

(I) for the first 600 units, 7.65 percent of the base amount; and

(II) for any additional dwelling units under the program, 7.0 percent of the base amount.

(B) BASE AMOUNT.—For purposes of this paragraph, the base amount shall be the higher of—

(i) the fair market rental established under section 8(c) of the United States Housing Act of 1937 (as in effect immediately before the date of the enactment of this Act) for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the authority, and

(ii) the amount that is the lesser of (I) such fair market rental for fiscal year 1994 or (II) 103.5 percent of the amount determined under clause (i),

adjusted based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary. The Secretary may require that the base amount be not less than a minimum amount and not more than a maximum amount.

(3) SUBSEQUENT FISCAL YEARS.—For subsequent fiscal years, the Secretary shall publish a notice in the Federal Register, for each geographic area, establishing the amount of the fee that would apply for local housing and management authorities administering the program, based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary.

(4) INCREASE.—The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

(b) FEE FOR PRELIMINARY EXPENSES.—The Secretary shall also establish reasonable fees (as determined by the Secretary) for—

(1) the costs of preliminary expenses, in the amount of $500, for a local housing and management authority, but only in the first year that the author-

ity administers a choice-based housing assistance program under this title, and only if, immediately before the date of the enactment of this Act, the authority was not administering a tenant-based rental assistance program under the United States Housing Act of 1937 (as in effect immediately before such date of enactment), in connection with its initial increment of assistance received;

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

(3) extraordinary costs approved by the Secretary.

(c) TRANSFER OF FEES IN CASES OF CONCURRENT GEOGRAPHICAL JURISDICTION.—

(1) IN GENERAL.—In each fiscal year, if any local housing and management authority provides tenant-based rental assistance under section 8 of the United States Housing Act of 1937 or housing assistance under this title on behalf of a family who uses such assistance for a dwelling unit that is located within the jurisdiction of such authority but is also within the jurisdiction of another local housing and management authority, the Secretary shall take such

steps as may be necessary to ensure that the local housing and management authority that provides the services for a family receives all or part of the administrative fee under this section (as appropriate).

SEC. 306. AUTHORIZATIONS OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated for providing local housing and management authorities with housing assistance under this title, $1,861,668,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000.

(b) ASSISTANCE FOR DISABLED FAMILIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, for choice-based housing assistance under this title to be used in accordance with paragraph (2), $50,000,000 for fiscal year 1997, and such sums as may be necessary for each subsequent fiscal year.

(2) USE.—The Secretary shall provide amounts made available under paragraph (1) to local housing and management authorities only for use to provide housing assistance under this title for nonelderly disabled families (including such families relocating pursuant to designation of a public housing development under section 227 and other nonelderly disabled

families who have applied to the authority for housing assistance under this title).

(3) ALLOCATION OF AMOUNTS.—The Secretary shall allocate and provide amounts made available under paragraph (1) to local housing and management authorities as the Secretary determines appropriate based on the relative levels of need among the authorities for assistance for families described in paragraph (1).

SEC. 307. CONVERSION OF SECTION 8 ASSISTANCE.

(a) IN GENERAL.—Any amounts made available to a local housing and management authority under a contract for annual contributions for assistance under section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act) that have not been obligated for such assistance by such authority before such enactment shall be used to provide assistance under this title, except to the extent the Secretary determines such use is inconsistent with existing commitments.

(b) EXCEPTION.—Subsection (a) shall not apply to any amounts made available under a contract for housing constructed or substantially rehabilitated pursuant to section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983.

Subtitle B—Choice-Based Housing Assistance for Eligible Families

SEC. 321. ELIGIBLE FAMILIES AND PREFERENCES FOR ASSISTANCE.

(a) LOW-INCOME REQUIREMENT.—Housing assistance under this title may be provided only on behalf of a family that—

(1) at the time that such assistance is initially provided on behalf of the family, is determined by the local housing and management authority to be a low-income family; or

(2) qualifies to receive such assistance under any other provision of Federal law.

(b) INCOME TARGETING.—Of the families initially assisted under this title by a local housing and management authority in any year, not less than 50 percent shall be families whose incomes do not exceed 60 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families. The Secretary may establish income ceiling higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

(c) INCOME TARGETING.—Of the families initially assisted under this title by a local housing and management

authority in any year, not less than 40 percent shall be families whose incomes do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families. The Secretary may establish income ceiling higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

(d) REVIEWS OF FAMILY INCOMES.—

(1) IN GENERAL.—Reviews of family incomes for purposes of this title shall be subject to the provisions of section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 and shall be conducted upon the initial provision of housing assistance for the family and thereafter not less than annually.

(2) PROCEDURES.—Each local housing and management authority administering housing assistance under this title shall establish procedures that are appropriate and necessary to ensure that income data provided to the authority and owners by families applying for or receiving housing assistance from the authority is complete and accurate.

(e) PREFERENCES FOR ASSISTANCE.—

(1) AUTHORITY TO ESTABLISH.—Any local housing and management authority that receives amounts under this title may establish a system for making housing assistance available on behalf of eligible families that provides preference for such assistance to eligible families having certain characteristics.

(2) CONTENT.—Each system of preferences established pursuant to this subsection shall be based upon local housing needs and priorities, as determined by the local housing and management authority using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under section 107(e) or under the requirements applicable to comprehensive housing affordability strategy for the relevant jurisdiction.

(f) PORTABILITY OF HOUSING ASSISTANCE.—

(1) NATIONAL PORTABILITY.—An eligible family that is selected to receive or is receiving assistance under this title may rent any eligible dwelling unit in any area where a program is being administered under this title. Notwithstanding the preceding sentence, a local housing and management authority may require that any family not living within the jurisdiction of the local housing and management au-

thority at the time the family applies for assistance from the authority shall, during the 12-month period beginning on the date of initial receipt of housing assistance made available on behalf of the family from that authority, lease and occupy an eligible dwelling unit located within the jurisdiction served by the authority. The authority for the jurisdiction into which the family moves shall have the responsibility for administering assistance for the family.

(2) SOURCE OF FUNDING FOR A FAMILY THAT MOVES.—For a family that has moved into the jurisdiction of a local housing and management authority and that, at the time of the move, has been selected to receive, or is receiving, assistance provided by another authority, the authority for the jurisdiction into which the family has moved may, in its discretion, cover the cost of assisting the family under its contract with the Secretary or through reimbursement from the other authority under that authority's contract.

(3) AUTHORITY TO DENY ASSISTANCE TO CERTAIN FAMILIES WHO MOVE.—A family may not receive housing assistance as provided under this subsection if the family has moved from a dwelling unit in violation of the lease for the dwelling unit.

(4) FUNDING ALLOCATIONS.—In providing assistance amounts under this title for local housing and management authorities for any fiscal year, the Secretary may give consideration to any reduction or increase in the number of resident families under the program of an authority in the preceding fiscal year as a result of this subsection.

(g) LOSS OF ASSISTANCE UPON TERMINATION OF TENANCY.—A local housing and management authority shall, consistent with the policies described in the local housing management plan of the authority, establish policies providing that an assisted family whose tenancy is terminated for serious violations of the terms or conditions of the lease shall—

(1) lose any right to continued housing assistance; and

(2) immediately become ineligible for housing assistance under this title or for admission to public housing under title II—

(A) in the case of a termination due to drug-related criminal activity, for a period of not less than 3 years from the date of the termination; and

(B) for other terminations, for a reasonable period of time as determined by the local housing and management authority.

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

(i) DENIAL OF ASSISTANCE TO CRIMINAL OFFENDERS.—In making assistance under this title available on behalf of eligible families, a local housing and management authority may deny the provision of such assistance in the same manner, for the same period, and subject to the same conditions that an owner of federally assisted housing may deny occupancy in such housing under subsections (b) and (c) of section 642 of the Housing and Community Development Act of 1992.

(j) AVAILABILITY OF CRIMINAL RECORDS.—A local housing and management authority may request and obtain records regarding the criminal convictions of appli-

cants for housing assistance under this title and assisted families under this title to the same extent an owner of federally assisted housing may obtain such records regarding an applicant for or tenant of federally assisted housing under section 646 of the Housing and Community Development Act of 1992.

SEC. 322. RESIDENT CONTRIBUTION.

(a) AMOUNT.—

(1) IN GENERAL.—An assisted family shall contribute on a monthly basis for the rental of an assisted dwelling unit an amount that the local housing and management authority determines is appropriate with respect to the family and the unit, but shall not be less than the minimum monthly rental contribution determined under subsection (d).

(2) EXCEPTIONS FOR CERTAIN CURRENT RESIDENTS.—Notwithstanding paragraph (1), the amount paid by an assisted family for monthly rent for an assisted dwelling unit, may not exceed 30 percent of the family's adjusted monthly income for any family who—

(A) upon the date of the enactment of this Act, is an assisted family and—

(i) is an elderly family; or

(ii) is a disabled family; or

(B) has an income that does not exceed 30 percent of the median income for the area (as determined by the Secretary with adjustments for smaller and larger families).

Any amount payable under paragraph (3) shall be in addition to the amount payable under this paragraph.

(3) EXCESS RENTAL AMOUNT.—In any case in which the monthly rent charged for a dwelling unit pursuant to the housing assistance payments contract exceeds the applicable payment standard (established under section 353) for the dwelling unit, the assisted family residing in the unit shall contribute (in addition to the amount of the monthly rent contribution otherwise determined under paragraph (1) or (2) of this subsection for such family) such entire excess rental amount.

(b) LIMITATION.—Notwithstanding any other provision of this section, the amount paid by an assisted family that is an elderly family or a disabled family, for monthly rent for an assisted dwelling unit bearing a gross rent that does not exceed the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling

unit is located, may not exceed 30 percent of the family's adjusted monthly income.

(c) LIMITATION.—Notwithstanding any other provision of this section, the amount paid by an assisted family whose head (or whose spouse) is a veteran (as such term is defined in section 203(b) of the National Housing Act) for monthly rent for an assisted dwelling unit bearing a gross rent that does not exceed the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located may not exceed 30 percent of the family's adjusted monthly income.

(d) MINIMUM MONTHLY RENTAL CONTRIBUTION.—

(1) IN GENERAL.—The local housing and management authority shall determine the amount of the minimum monthly rental contribution of an assisted family (which rent shall include any amount allowed for utilities), which—

(A) shall be based upon factors including the adjusted income of the family and any other factors that the authority considers appropriate;

(B) shall be not less than $25, nor more than $50; and

(C) may be increased annually by the authority, except that no such annual increase may

exceed 10 percent of the amount of the minimum monthly contribution in effect for the preceding year.

(2) HARDSHIP EXCEPTION.—Notwithstanding paragraph (1), a local housing and management authority may, in its sole discretion, grant an exemption in whole or in part from payment of the minimum monthly rental contribution established under this paragraph to any assisted family unable to pay such amount because of severe financial hardships. Severe financial hardships may include situations where the family is awaiting an eligibility determination for a Federal, State, or local assistance program, where the family would be evicted as a result of imposition of the minimum rent, and other situations as may be determined by the authority.

(e) TREATMENT OF CHANGES IN RENTAL CONTRIBUTION.—

(1) NOTIFICATION OF CHANGES.—A local housing and management authority shall promptly notify the owner of an assisted dwelling unit of any change in the resident contribution by the assisted family residing in the unit that takes effect immediately or at a later date.

(2) COLLECTION OF RETROACTIVE CHANGES.—In the case of any change in the rental contribution of an assisted family that affects rental payments previously made, the local housing and management authority shall collect any additional amounts required to be paid by the family under such change directly from the family and shall refund any excess rental contribution paid by the family directly to the family.

(f) PHASE-IN OF RENT CONTRIBUTION INCREASES.—

(1) IN GENERAL.—Except as provided in paragraph (2), for any family that is receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 upon the initial applicability of the provisions of this title to such family, if the monthly contribution for rental of an assisted dwelling unit to be paid by the family upon such initial applicability is greater than the amount paid by the family under the provisions of the United States Housing Act of 1937 immediately before such applicability, any such resulting increase in rent contribution shall be—

(A) phased in equally over a period of not less than 3 years, if such increase is 30 percent

or more of such contribution before initial applicability; and

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

(2) EXCEPTION.—The minimum rent contribution requirement under subsection (d)(1)(B) shall apply to each family described in paragraph (1) of this subsection, notwithstanding such paragraph.

SEC. 323. RENTAL INDICATORS.

(a) IN GENERAL.—The Secretary shall establish and issue rental indicators under this section periodically, but not less than annually, for existing rental dwelling units that are eligible dwelling units. The Secretary shall establish and issue the rental indicators by housing market area (as the Secretary shall establish) for various sizes and types of dwelling units.

(b) AMOUNT.—For a market area, the rental indicator established under subsection (a) for a dwelling unit of a particular size and type in the market area shall be a dollar amount that reflects the rental amount for a standard quality rental unit of such size and type in the market area that is an eligible dwelling unit.

(c) EFFECTIVE DATE.—The Secretary shall cause the proposed rental indicators established under subsection (a) for each market area to be published in the Federal Register with reasonable time for public comment, and such rental indicators shall become effective upon the date of publication in final form in the Federal Register.

(d) ANNUAL ADJUSTMENT.—Each rental indicator in effect under this section shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so that the indicators will be current for the year to which they apply, in rents for existing rental dwelling units of various sizes and types in the market area suitable for occupancy by families assisted under this title.

SEC. 324. LEASE TERMS.

Rental assistance may be provided for an eligible dwelling unit only if the assisted family and the owner of the dwelling unit enter into a lease for the unit that—

(1) provides for a single lease term of 12 months and continued tenancy after such term under a periodic tenancy on a month-to-month basis;

(2) contains terms and conditions specifying that termination of tenancy during the term of a lease shall be subject to the provisions set forth in section 325; and

(3) is set forth in the standard form, which is used in the local housing market area by the owner and applies generally to any other tenants in the property who are not assisted families, together with any addendum necessary to include the many terms required under this section.

A lease may include any addenda appropriate to set forth the provisions under this title.

SEC. 325. TERMINATION OF TENANCY.

(a) GENERAL GROUNDS FOR TERMINATION OF TENANCY.—Each housing assistance payments contract under section 351 shall provide that the owner of any assisted dwelling unit assisted under the contract may, before expiration of a lease for a unit, terminate the tenancy of any tenant of the unit, but only for—

(1) violation of the terms and conditions of the lease, violation of applicable Federal, State, or local law, or other good cause; or

(2) any activity, engaged in by the tenant, any member of the tenant's household, or any guest or other person under the tenant's control, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other tenants or employees of the owner or manager of the housing;

(B) threatens the health or safety of, or right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises; or

(C) is criminal activity (including drug-related criminal activity) on or off such premises.

(b) MANNER OF TERMINATION.—Each housing assistance payments contract shall provide that the owner shall conduct the termination of tenancy of any tenant of an assisted dwelling unit under the contract in accordance with applicable State or local laws, including providing any notice of termination required under such laws.

SEC. 326. ELIGIBLE OWNERS.

(a) OWNERSHIP ENTITY.—Rental assistance under this title may be provided for any eligible dwelling unit for which the owner is any public agency, private person or entity (including a cooperative), nonprofit organization, agency of the Federal Government, or local housing and management authority.

(b) INELIGIBLE OWNERS.—

(1) IN GENERAL.—Notwithstanding subsection (a), a local housing and management authority—

(A) may not enter into a housing assistance payments contract (or renew an existing contract) covering a dwelling unit that is owned by

an owner who is debarred, suspended, or subject to limited denial of participation under part 24 of title 24, Code of Federal Regulations;

(B) may prohibit, or authorize the termination or suspension of, payment of housing assistance under a housing assistance payments contract in effect at the time such debarment, suspension, or limited denial of participation takes effect.

If the local housing and management authority takes action under subparagraph (B), the authority shall take such actions as may be necessary to protect assisted families who are affected by the action, which may include the provision of additional assistance under this title to such families.

(2) PROHIBITION OF SALE TO RELATED PARTIES.—The Secretary shall establish guidelines to prevent housing assistance payments for a dwelling unit that is owned by any spouse, child, or other party who allows an owner described in paragraph (1) to maintain control of the unit.

SEC. 327. SELECTION OF DWELLING UNITS.

(a) FAMILY CHOICE.—The determination of the dwelling unit in which an assisted family resides and for which housing assistance is provided under this title shall be made

solely by the assisted family, subject to the provisions of this title and any applicable law.

(b) DEED RESTRICTIONS.—Housing assistance may not be used in any manner that abrogates any local deed restriction that applies to any housing consisting of 1 to 4 dwelling units. Nothing in this section may be construed to affect the provisions or applicability of the Fair Housing Act.

SEC. 328. ELIGIBLE DWELLING UNITS.

(a) IN GENERAL.—A dwelling unit shall be an eligible dwelling unit for purposes of this title only if the local housing and management authority to provide housing assistance for the dwelling unit determines that the dwelling unit—

(1) is an existing dwelling unit that is not located within a nursing home or the grounds of any penal, reformatory, medical, mental, or similar public or private institution; and

(2) complies—

(A) with applicable State or local laws, regulations, standards, or codes regarding habitability of residential dwellings that—

(i) are in effect for the jurisdiction in which the dwelling unit is located;

(ii) provide protection to residents of the dwellings that is equal to or greater than the protection provided under the housing quality standards established under subsection (b); and

(iii) that do not severely restrict housing choice; or

(B) in the case of a dwelling unit located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in subparagraph (A), with the housing quality standards established under subsection (c).

Each local housing and management authority providing housing assistance shall identify, in the local housing management plan for the authority, whether the authority is utilizing the standard under subparagraph (A) or (B) of paragraph (2) and, if the authority utilizes the standard under subparagraph (A), shall certify in such plan that the applicable State or local laws, regulations, standards, or codes comply with the requirements under such subparagraph.

(b) DETERMINATIONS.—

(1) IN GENERAL.—A local housing and management authority shall make the determinations required under subsection (a) pursuant to an inspection

of the dwelling unit conducted before any assistance payment is made for the unit.

(2) EXPEDITIOUS INSPECTION.—Inspections of dwelling units under this subsection shall be made before the expiration of the 15-day period beginning upon a request by the resident or landlord to the local housing and management authority. The performance of the authority in meeting the 15-day inspection deadline shall be taken into account in assessing the performance of the authority.

(c) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this subsection that ensure that assisted dwelling units are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under section 232(b). The Secretary shall differentiate between major and minor violations of such standards.

(d) ANNUAL INSPECTIONS.—Each local housing and management authority providing housing assistance shall make an annual inspection of each assisted dwelling unit during the term of the housing assistance payments contracts for the unit to determine whether the unit is main-

tained in accordance with the requirements under subsection (a)(2). The authority shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary and the Inspector General for the Department of Housing and Urban Development, the Housing Foundation and Accreditation Board established under title IV, and any auditor conducting an audit under section 432.

(e) INSPECTION GUIDELINES.—The Secretary shall establish procedural guidelines and performance standards to facilitate inspections of dwelling units and conform such inspections with practices utilized in the private housing market. Such guidelines and standards shall take into consideration variations in local laws and practices of local housing and management authorities and shall provide flexibility to authorities appropriate to facilitate efficient provision of assistance under this title.

(f) RULE OF CONSTRUCTION.—This section may not be construed to prevent the provision of housing assistance in connection with supportive services for elderly or disabled families.

SEC. 329. HOMEOWNERSHIP OPTION.

(a) IN GENERAL.—A local housing and management authority providing housing assistance under this title may provide homeownership assistance to assist eligible families

to purchase a dwelling unit (including purchase under lease-purchase homeownership plans).

(b) REQUIREMENTS.—A local housing and management authority providing homeownership assistance under this section shall, as a condition of an eligible family receiving such assistance, require the family to—

(1) demonstrate that the family has sufficient income from employment or other sources (other than public assistance), as determined in accordance with requirements established by the authority; and

(2) meet any other initial or continuing requirements established by the local housing and management authority.

(c) DOWNPAYMENT REQUIREMENT.—

(1) IN GENERAL.—A local housing and management authority may establish minimum downpayment requirements, if appropriate, in connection with loans made for the purchase of dwelling units for which homeownership assistance is provided under this section. If the authority establishes a minimum downpayment requirement, except as provided in paragraph (2) the authority shall permit the family to use grant amounts, gifts from relatives, contributions from private sources, and similar amounts as downpayment amounts in such purchase.

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

(d) INELIGIBILITY UNDER OTHER PROGRAMS.—A family may not receive homeownership assistance pursuant to this section during any period when assistance is being provided for the family under other Federal homeownership assistance programs, as determined by the Secretary, including assistance under the HOME Investment Partnerships Act, the Homeownership and Opportunity Through HOPE Act, title II of the Housing and Community Development Act of 1987, and section 502 of the Housing Act of 1949.

SEC. 330. ASSISTANCE FOR RENTAL OF MANUFACTURED HOMES.

(a) AUTHORITY.—Nothing in this title may be construed to prevent a local housing and management authority from providing housing assistance under this title on behalf of a low-income family for the rental of—

(1) a manufactured home that is the principal residence of the family and the real property on which the home is located; or

(2) the real property on which is located a manufactured home, which is owned by the family and is the principal residence of the family.

(b) ASSISTANCE FOR CERTAIN FAMILIES OWNING MANUFACTURED HOMES.—

(1) AUTHORITY.—Notwithstanding section 351 or any other provision of this title, a local housing and management authority that receives amounts under a contract under section 302 may enter into a housing assistance payment contract to make assistance payments under this title to a family that owns a manufactured home, but only as provided in paragraph (2).

(2) LIMITATIONS.—In the case only of a low-income family that owns a manufactured home, rents the real property on which it is located, and to whom housing assistance under this title has been made available for the rental of such property, the local housing and management authority making such assistance available shall enter into a contract to make housing assistance payments under this title directly

to the family (rather than to the owner of such real property) if—

(1) the owner of the real property refuses to enter into a contract to receive housing assistance payments pursuant to section 351(a);

(2) the family was residing in such manufactured home on such real property at the time such housing assistance was initially made available on behalf of the family;

(3) the family provides such assurances to the agency, as the Secretary may require, to ensure that amounts from the housing assistance payments are used for rental of the real property; and

(4) the rental of the real property otherwise complies with the requirements for assistance under this title.

A contract pursuant to this subsection shall be subject to the provisions of section 351 and any other provisions applicable to housing assistance payments contracts under this title, except that the Secretary may provide such exceptions as the Secretary considers appropriate to facilitate the provision of assistance under this subsection.

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

SEC. 351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.

(a) IN GENERAL.—Each local housing and management authority that receives amounts under a contract under section 302 may enter into housing assistance payments contracts with owners of existing dwelling units to make housing assistance payments to such owners in accordance with this title.

(b) LHMA ACTING AS OWNER.—A local housing and management authority may enter into a housing assistance payments contract to make housing assistance payments under this title to itself (or any agency or instrumentality thereof) as the owner of dwelling units (other than public housing), and the authority shall be subject to the same requirements that are applicable to other owners, except that the determinations under section 328(a) and 354(b) shall be made by a competent party not affiliated with the authority, and the authority shall be responsible for any expenses of such determinations.

(c) PROVISIONS.—Each housing assistance payments contract shall—

(1) have a term of not more than 12 months;

(2) require that the assisted dwelling unit may be rented only pursuant to a lease that complies with the requirements of section 324;

(3) comply with the requirements of section 325 (relating to termination of tenancy);

(4) require the owner to maintain the dwelling unit in accordance with the applicable standards under section 328(a)(2); and

(5) provide that the screening and selection of eligible families for assisted dwelling units shall be the function of the owner.

SEC. 352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.

(a) UNITS HAVING GROSS RENT EXCEEDING PAYMENT STANDARD.—In the case of a dwelling unit bearing a gross rent that exceeds the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located—

(1) the amount by which such payment standard exceeds the amount of the resident contribution determined in accordance with section 322(a)(1);

(2) in the case only of families described in paragraph (2) of section 322(a), the amount by which such payment standard exceeds the lesser of the resident contribution determined in accordance with sec-

tion 322(a)(1) or 30 percent of the family's adjusted monthly income;

(3) in the case of an assisted family that is an elderly family or a disabled family, the amount of the monthly assistance payment shall be the amount by which such payment standard exceeds the lesser of the amount of the resident contribution determined in accordance with section 322 or 30 percent of the family's adjusted monthly income; or

(4) in the case of a family whose head (or whose spouse) is a veteran (as such term is defined in section 203(b) of the National Housing Act), the lesser of the amount of such resident contribution or 30 percent of the family's adjusted monthly income.

(b) SHOPPING INCENTIVE FOR UNITS HAVING GROSS RENT NOT EXCEEDING PAYMENT STANDARD.—In the case of an assisted family renting an eligible dwelling unit bearing a gross rent that does not exceed the payment standard established under section 353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, the following requirements shall apply:

(1) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of the monthly assistance payment for housing assistance under this title on behalf

of the assisted family shall be the amount by which the gross rent for the dwelling unit exceeds the amount of the resident contribution.

(2) ESCROW OF SHOPPING INCENTIVE SAVINGS.—An amount equal to 50 percent of the difference between payment standard and the gross rent for the dwelling unit shall be placed in an interest bearing escrow account on behalf of such family on a monthly basis by the local housing and management authority. Amounts in the escrow account shall be made available to the assisted family on an annual basis.

(3) DEFICIT REDUCTION.—The local housing and management authority making housing assistance payments on behalf of such assisted family in a fiscal year shall reserve from amounts made available to the authority for assistance payments for such fiscal year an amount equal to the amount described in paragraph (2). At the end of each fiscal year, the Secretary shall recapture any such amounts reserved by local housing and management authorities and such amounts shall be covered into the General Fund of the Treasury of the United States.

For purposes of this section, in the case of a family receiving homeownership assistance under section 329, the term

"gross rent" shall mean the homeownership costs to the family as determined in accordance with guidelines of the Secretary.

SEC. 353. PAYMENT STANDARDS.

(a) ESTABLISHMENT.—Each local housing and management authority providing housing assistance under this title shall establish payment standards under this section for various areas, and sizes and types of dwelling units, for use in determining the amount of monthly housing assistance payment to be provided on behalf of assisted families.

(b) USE OF RENTAL INDICATORS.—The payment standard for each size and type of housing for each market area shall be an amount that is not less than 80 percent, and not greater than 120 percent, of the rental indicator established under section 323 for such size and type for such area.

(c) REVIEW.—If the Secretary determines, at any time, that a significant percentage of the assisted families who are assisted by a local housing and management authority and are occupying dwelling units of a particular size are paying more than 30 percent of their adjusted incomes for rent, the Secretary shall review the payment standard established by the authority for such size dwellings. If, pursuant to the review, the Secretary determines

that such payment standard is not appropriate to serve the needs of the low-income population of the jurisdiction served by the authority (taking into consideration rental costs in the area), as identified in the approved community improvement plan of the authority, the Secretary may require the local housing and management authority to modify the payment standard.

SEC. 354. REASONABLE RENTS.

(a) ESTABLISHMENT.—The rent charged for a dwelling unit for which rental assistance is provided under this title shall be established pursuant to negotiation and agreement between the assisted family and the owner of the dwelling unit.

(b) REASONABLENESS.—

(1) DETERMINATION.—A local housing and management authority providing rental assistance under this title for a dwelling unit shall, before commencing assistance payments for a unit (with respect to initial contract rents and any rent revisions), determine whether the rent charged for the unit exceeds the rents charged for comparable units in the applicable private unassisted market.

(2) UNREASONABLE RENTS.—If the authority determines that the rent charged for a dwelling unit exceeds such comparable rents, the authority shall—

(A) inform the assisted family renting the unit that such rent exceeds the rents for comparable unassisted units in the market; and

(B) refuse to provide housing assistance payments for such unit.

SEC. 355. PROHIBITION OF ASSISTANCE FOR VACANT RENTAL UNITS.

If an assisted family vacates a dwelling unit for which rental assistance is provided under a housing assistance payments contract before the expiration of the term of the lease for the unit, rental assistance pursuant to such contract may not be provided for the unit after the month during which the unit was vacated.

Subtitle D—General and Miscellaneous Provisions

SEC. 371. DEFINITIONS.

For purposes of this title:

(1) ASSISTED DWELLING UNIT.—The term "assisted dwelling unit" means a dwelling unit in which an assisted family resides and for which housing assistance payments are made under this title.

(2) ASSISTED FAMILY.—The term "assisted family" means an eligible family on whose behalf housing assistance payments are made under this title or who has been selected and approved for housing assistance.

(3) CHOICE-BASED.—The term "choice-based" means, with respect to housing assistance, that the assistance is not attached to a dwelling unit but can be used for any eligible dwelling unit selected by the eligible family.

(4) ELIGIBLE DWELLING UNIT.—The term "eligible dwelling unit" means a dwelling unit that complies with the requirements under section 328 for consideration as an eligible dwelling unit.

(5) ELIGIBLE FAMILY.—The term "eligible family" means a family that meets the requirements under section 321(a) for assistance under this title.

(6) HOMEOWNERSHIP ASSISTANCE.—The term "homeownership assistance" means housing assistance provided under section 329 for the ownership of a dwelling unit.

(7) HOUSING ASSISTANCE.—The term "housing assistance" means assistance provided under this title on behalf of low-income families for the rental or ownership of an eligible dwelling unit.

(8) HOUSING ASSISTANCE PAYMENTS CONTRACT.—The term "housing assistance payments contract" means a contract under section 351 between a local housing and management authority (or the Secretary) and an owner to make housing assistance

payments under this title to the owner on behalf of an assisted family.

(9) LOCAL HOUSING AND MANAGEMENT AUTHORITY.—The terms "local housing and management authority" and "authority" have the meaning given such terms in section 103, except that the terms include—

(A) a consortia of local housing and management authorities that the Secretary determines has the capacity and capability to administer a program for housing assistance under this title in an efficient manner;

(B) any other entity that, upon the date of the enactment of this Act, was administering any program for tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act), pursuant to a contract with the Secretary or a public housing agency; and

(C) with respect to any area in which no local housing and management authority has been organized or where the Secretary determines that a local housing and management authority is unwilling or unable to implement this title, or is not performing effectively—

(i) the Secretary or another entity that by contract agrees to receive assistance amounts under this title and enter into housing assistance payments contracts with owners and perform the other functions of local housing and management authority under this title; or

(ii) notwithstanding any provision of State or local law, a local housing and management authority for another area that contracts with the Secretary to administer a program for housing assistance under this title, without regard to any otherwise applicable limitations on its area of operation.

(10) OWNER.—The term "owner" means the person or entity having the legal right to lease or sublease dwelling units. Such term includes any principals, general partners, primary shareholders, and other similar participants in any entity owning a multifamily housing project, as well as the entity itself.

(11) RENT.—The terms "rent" and "rental" include, with respect to members of a cooperative, the

charges under the occupancy agreements between such members and the cooperative.

(12) RENTAL ASSISTANCE.—The term "rental assistance" means housing assistance provided under this title for the rental of a dwelling unit.

SEC. 372. RENTAL ASSISTANCE FRAUD RECOVERIES.

(a) AUTHORITY TO RETAIN RECOVERED AMOUNTS.—The Secretary shall permit local housing and management authorities administering housing assistance under this title to retain, out of amounts obtained by the authorities from tenants that are due as a result of fraud and abuse, an amount (determined in accordance with regulations issued by the Secretary) equal to the greater of—

(1) 50 percent of the amount actually collected; or

(2) the actual, reasonable, and necessary expenses related to the collection, including costs of investigation, legal fees, and collection agency fees.

(b) USE.—Amounts retained by an authority shall be made available for use in support of the affected program or project, in accordance with regulations issued by the Secretary. If the Secretary is the principal party initiating or sustaining an action to recover amounts from families or owners, the provisions of this section shall not apply.

(c) RECOVERY.—Amounts may be recovered under this section—

(1) by an authority through a lawsuit (including settlement of the lawsuit) brought by the authority or through court-ordered restitution pursuant to a criminal proceeding resulting from an authority's investigation where the authority seeks prosecution of a family or where an authority seeks prosecution of an owner;

(2) through administrative repayment agreements with a family or owner entered into as a result of an administrative grievance procedure conducted by an impartial decisionmaker in accordance with section 111; or

(3) through an agreement between the parties.

SEC. 373. STUDY REGARDING GEOGRAPHIC CONCENTRATION OF ASSISTED FAMILIES.

(a) IN GENERAL.—The Secretary shall conduct a study of the geographic areas in the State of Illinois served by the Housing Authority of Cook County and the Chicago Housing Authority and submit to the Congress a report and a specific proposal, which addresses and resolves the issues of—

(1) the adverse impact on local communities due to geographic concentration of assisted households

under the tenant-based housing programs under section 8 of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) and under this title; and

(2) facilitating the deconcentration of such assisted households by providing broader housing choices to such households.

The study shall be completed, and the report shall be submitted, not later than 90 days after the date of the enactment of this Act.

(b) CONCENTRATION.—For purposes of this section, the term "concentration" means, with respect to any area within a census tract, that—

(1) 15 percent or more of the households residing within such area have incomes which do not exceed the poverty level; or

(2) 15 percent or more of the total affordable housing stock located within such area is assisted housing.

TITLE IV—ACCREDITATION AND OVERSIGHT OF LOCAL HOUSING AND MANAGEMENT AUTHORITIES

Subtitle A—Housing Foundation and Accreditation Board

SEC. 401. ESTABLISHMENT.

There is established an independent agency in the executive branch of the Government to be known as the Housing Foundation and Accreditation Board (in this title referred to as the "Board").

SEC. 402. MEMBERSHIP.

(a) IN GENERAL.—The Board shall be composed of 12 members appointed by the President not later than 180 days after the date of the enactment of this Act, as follows:

(1) 4 members shall be appointed from among 10 individuals recommended by the Secretary of Housing and Urban Development.

(2) 4 members shall be appointed from among 10 individuals recommended by the Chairman and Ranking Minority Member of the Committee on Banking, Housing, and Urban Affairs of the Senate.

(3) 4 members appointed from among 10 individuals recommended by the Chairman and Ranking

Minority Member of the Committee on Banking and Financial Services of the House of Representatives.

(b) QUALIFICATIONS.—

(1) REQUIRED REPRESENTATION.—The Board shall at all times have the following members:

(A) 2 members who are residents of public housing or dwelling units assisted under title III of this Act or the provisions of section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act).

(B) at least 2, but not more than 4 members who are executive directors of local housing and management authorities.

(C) 1 member who is a member of the Institute of Real Estate Managers.

(D) 1 member who is the owner of a multifamily housing project assisted under a program administered by the Secretary of Housing and Urban Development.

(2) REQUIRED EXPERIENCE.—The Board shall at all times have as members individuals with the following experience:

(A) At least 1 individual who has extensive experience in the residential real estate finance business.

(B) At least 1 individual who has extensive experience in operating a nonprofit organization that provides affordable housing.

(C) At least 1 individual who has extensive experience in construction of multifamily housing.

(D) At least 1 individual who has extensive experience in the management of a community development corporation.

(E) At least 1 individual who has extensive experience in auditing participants in government programs.

A single member of the board with the appropriate experience may satisfy the requirements of more than 1 subparagraph of this paragraph. A single member of the board with the appropriate qualifications and experience may satisfy the requirements of a subparagraph of paragraph (1) and a subparagraph of this paragraph.

(c) POLITICAL AFFILIATION.—Not more than 6 members of the Board may be of the same political party.

(d) TERMS.—

(1) IN GENERAL.—Each member of the Board shall be appointed for a term of 4 years, except as provided in paragraphs (2) and (3).

(2) TERMS OF INITIAL APPOINTEES.—As designated by the President at the time of appointment, of the members first appointed—

(A) 3 shall be appointed for terms of 1 year;

(B) 3 shall be appointed for terms of 2 years;

(C) 3 shall be appointed for terms of 3 years; and

(D) 3 shall be appointed for terms of 4 years;

(3) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Board shall be filled in the manner in which the original appointment was made.

(e) CHAIRPERSON.—The Board shall elect a chairperson from among members of the Board.

(f) QUORUM.—A majority of the members of the Board shall constitute a quorum for the transaction of business.

(g) VOTING.—Each member of the Board shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Board.

(h) PROHIBITION ON ADDITIONAL PAY.—Members of the Board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Board.

SEC. 403. FUNCTIONS.

The purpose of this subtitle is to establish the Board as a nonpolitical entity to carry out the following functions:

(1) EVALUATION OF DEEP SUBSIDY PROGRAMS.—Measuring the performance and efficiency of all "deep subsidy" programs for housing assistance administered by the Secretary of Housing and Urban Development, including the public housing program under title II and the programs for tenant- and project-based rental assistance under title III and section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act).

(2) ESTABLISHMENT OF LHMA PERFORMANCE BENCHMARKS.—Establishing standards and guidelines under section 431 for use by the Secretary in measuring the performance and efficiency of local housing and management authorities and other owners and providers of federally assisted housing in carrying out operational and financial functions.

(3) IMPROVEMENT OF INDEPENDENT AUDITS.—Providing for the development of effective means for conducting comprehensive financial and performance audits of local housing and management authorities under section 432 and, to the extent provided in such section, providing for the conducting of such audits.

(4) ACCREDITATION OF LHMA'S.—Establishing a procedure under section 431(b) for accrediting local housing and management authorities to receive block grants under title II for the operation, maintenance, and production of public housing and amounts for housing assistance under title III, ensuring that financial and performance audits under section 432 are conducted annually for each local housing and management authority, and reviewing such audits for purposes of accreditation.

(5) CLASSIFICATION OF LHMA'S.—Classifying local housing and management authorities, under to section 434, according to the performance categories under section 431(a)(2).

SEC. 404. INITIAL ESTABLISHMENT OF STANDARDS AND PROCEDURES FOR LHMA COMPLIANCE.

(a) DEADLINE.—Not later than the expiration of the 12-month period beginning upon the completion of the appointment, under section 402, of the initial members of the

Board, the Board shall organize its structure and operations, establish the standards, guidelines, and procedures under sections 431, and establish any fees under section 406. Before issuing such standards, guidelines, and procedures in final form, the Board shall submit a copy to the Congress.

(b) PRIORITY OF INITIAL EVALUATIONS.—After organization of the Board and establishment of standards, guidelines, and procedures under sections 431, the Board shall commence evaluations under section 433(b) for the purpose of accrediting local housing and management authorities and shall give priority to conducting evaluations of local housing and management authorities that are designated as troubled public housing agencies under section 6(j) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act) pursuant to section 431(d).

(c) ASSISTANCE FROM NATIONAL CENTER FOR HOUSING MANAGEMENT.—

(1) IN GENERAL.—During the period referred to in subsection (a), the National Center for Housing Management established by Executive Order 11668 (42 U.S.C. 3531 note) shall, to the extent agreed to by the Center, provide the Board with ongoing assistance and advice relating to the following matters:

(A) Organizing the structure of the Board and its operations.

(B) Establishing performance standards and guidelines under section 431(a).

Such Center may, at the request of the Board, provide assistance and advice with respect to matters not described in paragraphs (1) and (2) and after the expiration of the period referred to in subsection (a).

(2) ASSISTANCE.—The assistance provided by such Center shall include staff and logistical support for the Board and such operational and managerial activities as are necessary to assist the Board to carry out its functions during the period referred to in subsection (a).

SEC. 405. POWERS.

(a) HEARINGS.—The Board may, for the purpose of carrying out this subtitle, hold such hearings and sit and act at such times and places as the Board determines appropriate.

(b) RULES AND REGULATIONS.—The Board may adopt such rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization, and personnel.

(c) ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION.—The Board may secure directly from any department or agency of the Federal Government such information as the Board may require for carrying out its functions, including local housing management plans submitted to the Secretary by local housing and management authorities under title II. Upon request of the Board, any such department or agency shall furnish such information. The Board may acquire information directly from local housing and management authorities to the same extent the Secretary may acquire such information.

(2) GENERAL SERVICES ADMINISTRATION.—The Administrator of General Services shall provide to the Board, on a reimbursable basis, such administrative support services as the Board may request.

(3) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—Upon the request of the chairperson of the Board, the Secretary of Housing and Urban Development shall, to the extent possible and subject to the discretion of the Secretary, detail any of the personnel of the Department of Housing and Urban Development, on a nonreimbursable basis, to assist the Board in carrying out its functions under this subtitle.

(4) HUD INSPECTOR GENERAL.—The Inspector General of the Department of Housing and Urban Development shall serve the Board as a principal adviser with respect to all aspects of annual financial and performance audits of local housing and management authorities under section 432. The Inspector General may advise the Board with respect to other activities and functions of the Board.

(d) MAILS.—The Board may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(e) CONTRACTING.—The Board may, to such extent and in such amounts as are provided in appropriation Acts, enter into contracts with private firms, institutions, and individuals for the purpose of conducting evaluations under section 404(b), audits of local housing and management authorities as provided under section 432, research, and surveys necessary to enable the Board to discharge its functions under this subtitle, and may enter into contracts with the National Center for Housing Management to conduct the functions assigned to the Center under this title.

(f) STAFF.—

(1) EXECUTIVE DIRECTOR.—The Board shall appoint an executive director of the Board, who shall be compensated at a rate fixed by the Board, but which

shall not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(2) OTHER PERSONNEL.—In addition to the executive director, the Board may appoint and fix the compensation of such personnel as the Board considers necessary, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates. Such personnel may include personnel for assessment teams under section 431(b).

SEC. 406. FEES.

(a) ACCREDITATION FEES.—The Board may establish and charge fees for the accreditation of local housing and management authorities as the Board considers necessary to cover the costs of the operations of the Board relating to establishing standards, guidelines, and procedures for evaluating the performance of local housing and management authorities, performing comprehensive reviews relating to the accreditation of such authorities, and conducting audits of authorities under section 432.

(b) FUND.—Any fees collected under this section shall be deposited in an operations fund for the Board, which is hereby established in the Treasury of the United States.

Amounts in such fund shall be available, to the extent provided in appropriation Acts, for the expenses of the Board in carrying out its functions under this subtitle.

SEC. 407. REPORTS.

(a) REPORT ON COORDINATION WITH HUD FUNCTIONS.—Not later than the expiration of the 12-month period beginning upon the date of the enactment of this Act, the Board shall submit a report to the Congress that—

(1) identifies and describes the processes, procedures, and activities of the Department of Housing and Urban Development which may duplicate functions of the Board, and makes recommendations regarding activities of the Department that may no longer be necessary as a result of improved auditing of authorities pursuant to this title;

(2) makes recommendations for any changes to Federal law necessary to improve auditing of local housing and management authorities; and

(3) makes recommendations regarding the review and evaluation functions currently performed by the Department of Housing and Urban Development that may be more efficiently performed by the Board and should be performed by the Board, and those that should continue to be performed by the Department.

(b) ANNUAL REPORTS.—The Board shall submit a report to the Congress annually describing, for the year for which the report is made—

(1) any modifications made by the Board to the standards, guidelines, and procedures issued under section 431 by the Board;

(2) the results of the assessments, reviews, and evaluations conducted by the Board under subtitle B;

(3) the types and extent of assistance, information, and products provided by the Board; and

(4) any other activities of the Board.

SEC. 408. GAO AUDIT.

The activities and transactions of the Board shall be subject to audit by the Comptroller General of the United States under such rules and regulations as may be prescribed by the Comptroller General. The representatives of the General Accounting Office shall have access for the purpose of audit and examination to any books, documents, papers, and records of the Board that are necessary to facilitate an audit.

Subtitle B—Accreditation and Oversight Standards and Procedures

SEC. 431. ESTABLISHMENT OF PERFORMANCE BENCHMARKS AND ACCREDITATION PROCEDURES.

(a) PERFORMANCE BENCHMARKS.—

(1) PERFORMANCE AREAS.—The Housing Foundation and Accreditation Board established under section 401 (in this subtitle referred to as the "Board") shall establish standards and guidelines, for use under section 434, to measure the performance of local housing and management authorities in all aspects relating to—

(A) operational and financial functions;

(B) providing, maintaining, and assisting low-income housing—

(i) that is safe, clean, and healthy, as required under sections 232 and 328;

(ii) in a manner consistent with the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act, if appropriate;

(iii) that is occupied by eligible families; and

(iv) that is affordable to eligible families;

(C) producing low-income housing and executing capital projects, if applicable;

(D) administering the provision of housing assistance under title III;

(E) accomplishing the goals and plans set forth in the local housing management plan for the authority;

(F) promoting responsibility and self-sufficiency among residents of public housing developments of the authority and assisted families under title III; and

(G) complying with the other requirements of the authority under block grant contracts under title II, grant agreements under title III, and the provisions of this Act.

(2) PERFORMANCE CATEGORIES.—In establishing standards and guidelines under this section, the Board shall define various levels of performance, which shall include the following levels:

(A) EXCEPTIONALLY WELL-MANAGED.—A minimum acceptable level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as exceptionally well-managed, which shall indicate that the authority functions exceptionally.

(B) WELL-MANAGED.—A minimum acceptable level of performance in the areas specified in paragraph (1) for classification of a local hous-

ing and management authority as well-managed, which shall indicate that the authority functions satisfactorily.

(C) AT RISK OF BECOMING TROUBLED.—A minimum acceptable level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as at risk of becoming troubled, which shall indicate that there are elements in the operations, management, or functioning of the authority that must be addressed before they result in serious and complicated deficiencies.

(D) TROUBLED.—A minimum level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as a troubled authority, which shall indicate that the authority functions unsatisfactorily with respect to certain areas under paragraph (1), but such deficiencies are not irreparable.

(E) DYSFUNCTIONAL.—A maximum level of performance in the areas specified in paragraph (1) for classification of a local housing and management authority as dysfunctional, which shall indicate that the authority suffers such defi-

ciencies that the authority should not be allowed to continue to manage low-income housing or administer housing assistance.

(3) ACCREDITATION STANDARD.—In establishing standards and guidelines under this section, the Board shall establish a minimum acceptable level of performance for accrediting a local housing and management authority for purposes of authorizing the authority to enter into a new block grant contract under title II or a new grant agreement under title III.

(b) ACCREDITATION PROCEDURE.—The Accreditation Board shall establish procedures for—

(1) reviewing the performance of a local housing and management authority over the term of the expiring accreditation, which review shall be conducted during the 12-month period that ends upon the conclusion of the term of the expiring accreditation;

(2) evaluating the capability of a local housing and management authority that proposes to enter into an initial block grant contract under title II or an initial grant agreement under title III; and

(3) determining whether the authority complies with the standards and guidelines for accreditation established under subsection (a)(3).

The procedures for a review or evaluation under this subsection shall provide for the review or evaluation to be conducted by an assessment team established by the Board, which shall review annual financial and performance audits conducted under section 432 and obtain such information as the Board may require.

(c) IDENTIFICATION OF POTENTIAL PROBLEMS.—The standards and guidelines under subsection (a) and the procedure under subsection (b) shall be established in a manner designed to identify potential problems in the operations, management, functioning of local housing and management authorities at a time before such problems result in serious and complicated deficiencies.

(d) INTERIM APPLICABILITY OF PHMAP.—Notwithstanding any other provision of this subtitle, during the period that begins on the date of the enactment of this Act and ends upon the date of the effectiveness of final regulations establishing the standards, guidelines, and procedures required under this section and section 432, the Secretary shall assess the management performance of local housing and management authorities in the same manner provided for public housing agencies pursuant to section 6(j) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) and may take actions with respect to local housing and management au-

thorities that are authorized under such section with respect to public housing agencies.

SEC. 432. FINANCIAL AND PERFORMANCE AUDITS.

(a) REQUIREMENT.—A financial and performance audit under this section shall be conducted for each local housing and management authority for each fiscal year that the authority receives grant amounts under this Act, as provided under one of the following paragraphs:

(1) LHMA PROVIDES FOR AUDIT.—If neither the Secretary nor the Board takes action under paragraph (2) or (3), the Secretary shall require the local housing and management authority to have the audit conducted. The Secretary may prescribe that such audits be conducted pursuant to guidelines set forth by the Department.

(2) SECRETARY REQUESTS BOARD TO PROVIDE FOR AUDIT.—The Secretary may request the Board to contract directly with an auditor to have the audit conducted for the authority.

(3) BOARD PROVIDES FOR AUDIT.—The Board may notify the Secretary that it will contract directly with an auditor to have the audit conducted for the authority.

(b) OTHER AUDITS.—Pursuant to risk assessment strategies designed to ensure the integrity of the programs

for assistance under this Act, which shall be established by the Inspector General for the Department of Housing and Urban Development in consultation with the Board, the Inspector General may request the Board to conduct audits under this subsection of local housing and management authorities. Such audits may be in addition to, or in place of, audits under subsection (a), as the Board shall provide.

(c) SUBMISSION OF RESULTS.—

(1) SUBMISSION TO SECRETARY AND BOARD.—The results of any audit conducted under this subsection shall be submitted to the local housing and management authority, the Secretary, and the Board.

(2) SUBMISSION TO LOCAL OFFICIALS.—

(A) REQUIREMENT.—A local housing and management authority shall submit each audit conducted under this section to any local elected official or officials responsible for appointing the members of the board of directors (or other similar governing body) of the local housing and management authority for review and comment. Any such comments shall be submitted, together with the audit, to the Secretary and the Board and the Secretary and the Board shall consider such comments in reviewing the audit.

(B) TIMING.—An audit shall be submitted to local officials as provided in subparagraph (A)—

(i) in the case of an audit conducted under subsection (a)(1), not later than 60 days before the local housing and management authority submits the audit to the Secretary and the Board; or

(ii) in the case of an audit under paragraph (2) or (3) of subsection (a) or under subsection (b), not later than 60 days after the authority receives the audit.

(d) PROCEDURES.— The requirements for financial and performance audits under this section shall—

(1) be established by the Board, in consultation with the Inspector General of the Department of Housing and Urban Development;

(2) provide for the audit to be conducted by an independent auditor selected—

(A) in the case of an audit under subsection (a)(1), by the authority; and

(B) in the case of an audit under paragraph (2) or (3) of subsection (a) or under subsection (b), by the Board;

(3) authorize the auditor to obtain information from a local housing and management authority, to access any books, documents, papers, and records of an authority that are pertinent to this Act and assistance received pursuant to this Act, and to review any reports of an authority to the Secretary;

(4) impose sufficient requirements for obtaining information so that the audits are useful to the Board in evaluating local housing and management authorities; and

(5) include procedures for testing the reliability of internal financial controls of local housing and management authorities.

(e) PURPOSE.—Audits under this section shall be designed to—

(1) evaluate the financial performance and soundness and management performance of the local housing and management authority board of directors (or other similar governing body) and the authority management officials and staff;

(2) assess the compliance of an authority with all aspects of the standards and guidelines established under section 431(a)(1);

(3) provide information to the Secretary and the Board regarding the financial performance and man-

agement of the authority and to determine whether a review under section 225(d) or 353(c) is required; and

(4) identify potential problems in the operations, management, functioning of a local housing and management authority at a time before such problems result in serious and complicated deficiencies.

(f) INAPPLICABILITY OF SINGLE AUDIT ACT.—Notwithstanding the first sentence of section 7503(a) of title 31, United States Code, an audit conducted in accordance with chapter 75 of such title shall not exempt any local housing and management authority from conducting an audit under this section. Audits under this section shall not be subject to the requirements for audits under such chapter. An audit under this section for a local housing and management authority for a fiscal year shall be considered to satisfy any requirements under such chapter for such fiscal year.

(g) WITHHOLDING OF AMOUNTS FOR COSTS OF AUDIT.—

(1) LHMA RESPONSIBLE FOR AUDIT.—If the Secretary requires a local housing and management authority to have an audit under this section conducted pursuant to subsection (a)(1) and determines that the authority has failed to take the actions required to

submit an audit under this section for a fiscal year, the Secretary may—

(A) arrange for, and pay the costs of, the audit and withhold, from the total allocation for any fiscal year otherwise payable to the authority under this Act, amounts sufficient to pay for the reasonable costs of conducting an acceptable audit (including, if appropriate, the reasonable costs of accounting services necessary to place the authority's books and records in condition that permits an audit); or

(B) request the Board to conduct the audit pursuant to subsection (a)(2) and withhold amounts pursuant to paragraph (2) of this subsection.

(2) BOARD RESPONSIBLE FOR AUDIT.—If the Board is responsible for an audit for a local housing and management authority pursuant to paragraph (2) or (3) of subsection (a), subsection (b), or paragraph (1)(B) of this subsection, the Secretary shall—

(A) withhold, from the total allocation for any fiscal year otherwise payable to the authority under this Act, amounts sufficient to pay for the audit, but in no case more than the reasonable cost of conducting an acceptable audit (in-

cluding, if appropriate, the reasonable costs of accounting services necessary to place the authority's books and records in condition that permits an audit); and

(B) transfer such amounts to the Board.

SEC. 433. ACCREDITATION.

(a) REVIEW UPON EXPIRATION OF PREVIOUS ACCREDITATION.—The Accreditation Board shall perform a comprehensive review of the performance of a local housing and management authority, in accordance with the procedures established under section 431(b), before the expiration of the term for which a previous accreditation was granted under this subtitle.

(b) INITIAL EVALUATION.—

(1) IN GENERAL.—Before entering into an initial block grant contract under title II or an initial contract pursuant to section 302 for assistance under title III with any local housing and management authority, the Board shall conduct a comprehensive evaluation of the capabilities of the local housing and management authority.

(2) EXCEPTION.—Paragraph (1) shall not apply to an initial block grant contract or grant agreement entered into during the period beginning upon the date of the enactment of this Act and ending upon the

date of the effectiveness of final regulations establishing the standards, guidelines, and procedures required under section 431 with any public housing agency that received amounts under the United States Housing Act of 1937 during fiscal year 1995.

(c) DETERMINATION AND REPORT.—Pursuant to a review or evaluation under this section, the Board shall determine whether the authority meets the requirements for accreditation under section 431(a)(3), shall accredit the authority if it meets such requirements, and shall submit a report on the results of the review or evaluation and such determination to the Secretary and the authority.

(d) ACCREDITATION.—An accreditation under this section shall expire at the end the term established by the Board in granting the accreditation, which may not exceed 5 years. The Board may qualify an accreditation placing conditions on the accreditation based on the future performance of the authority.

SEC. 434. CLASSIFICATION BY PERFORMANCE CATEGORY.

Upon completing the accreditation process under section 433 with respect to a local housing and management authority, the Housing Finance and Accreditation Board shall designate the authority according to the performance categories under section 431(a)(2). In determining the classification of an authority, the Board shall consider the most

recent financial and performance audit under section 432 of the authority and accreditation reports under section 433(c) for the authority.

SEC. 435. PERFORMANCE AGREEMENTS FOR AUTHORITIES AT RISK OF BECOMING TROUBLED.

(a) IN GENERAL.—Upon designation of a local housing and management authority as at risk of becoming troubled under section 431(a)(2)(C), the Secretary shall seek to enter into an agreement with the authority providing for improvement of the elements of the authority that have been identified. An agreement under this section shall contain such terms and conditions as the Secretary determines are appropriate for addressing the elements identified, which may include an on-site, independent assessment of the management of the authority.

(b) POWERS OF SECRETARY.—If the Secretary determines that such action is necessary to prevent the local housing and management authority from becoming a troubled authority, the Secretary may—

(1) solicit competitive proposals from other local housing and management authorities and private housing management agents (which may be selected by existing tenants through administrative procedures established by the Secretary), for any case in which such agents may be needed for managing all, or part,

of the housing or functions administered by the authority; or

(2) solicit competitive proposals from other local housing and management authorities and private entities with experience in construction management, for any case in which such authorities or firms may be needed to oversee implementation of assistance made available for capital improvement for public housing of the authority.

SEC. 436. PERFORMANCE AGREEMENTS AND CDBG SANCTIONS FOR TROUBLED LHMA'S.

(a) IN GENERAL.—Upon designation of a local housing and management authority as a troubled authority under section 431(a)(2)(D), the Secretary shall seek to enter into an agreement with the authority providing for improving the management performance of the authority.

(b) CONTENTS.—An agreement under this section between the Secretary and a local housing and management authority shall set forth—

(1) targets for improving performance, as measured by the guidelines and standards established under section 431(a)(1) and other requirements within a specified period of time, which shall include targets to be met upon the expiration of the 12-month period beginning upon entering into the agreement;

(2) strategies for meeting such targets;

(3) sanctions for failure to implement such strategies; and

(4) to the extent the Secretary deems appropriate, a plan for enhancing resident involvement in the management of the local housing and management authority.

(c) LOCAL ASSISTANCE IN IMPLEMENTATION.—The Secretary and the local housing and management authority shall, to the maximum extent practicable, seek the assistance of local public and private entities in carrying out an agreement under this section.

(d) DEFAULT UNDER PERFORMANCE AGREEMENT.—Upon the expiration of the 12-month period beginning upon entering into an agreement under this section with a local housing and management authority, the Secretary shall review the performance of the authority in relation to the performance targets and strategies under the agreement. If the Secretary determines that the authority has failed to comply with the performance targets established for such period, the Secretary shall take the action authorized under subsection (b)(2) or (b)(5) of section 438.

(e) CDBG SANCTION AGAINST LOCAL GOVERNMENT CONTRIBUTING TO TROUBLED STATUS OF LHMA.—If the Secretary determines that the actions or inaction of any

unit of general local government within which any portion of the jurisdiction of a local housing and management authority is located has substantially contributed to the conditions resulting in the authority being designated under section 431(a)(2)(D) as a troubled authority, the Secretary may redirect or withhold, from such unit of general local government any amounts allocated for such unit under section 106 of such Act.

SEC. 437. OPTION TO DEMAND CONVEYANCE OF TITLE TO OR POSSESSION OF PUBLIC HOUSING.

(a) AUTHORITY FOR CONVEYANCE.—A contract under section 201 for block grants under title II (including contracts which amend or supersede contracts previously made (including contracts for contributions)) may provide that upon the occurrence of a substantial default with respect to the covenants or conditions to which the local housing and management authority is subject (as such substantial default shall be defined in such contract) or upon designation of the authority as dysfunctional pursuant to section 431(a)(2)(E), the local housing and management authority shall be obligated, at the option of the Secretary, to—

(1) convey title in any case where, in the determination of the Secretary (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this Act; or

(2) deliver to the Secretary possession of the development, as then constituted, to which such contract relates.

(b) OBLIGATION TO RECONVEY.—Any block grant contract under title II containing the provisions authorized in subsection (a) shall also provide that the Secretary shall be obligated to reconvey or redeliver possession of the development, as constituted at the time of reconveyance or redelivery, to such local housing and management authority or to its successor (if such local housing and management authority or a successor exists) upon such terms as shall be prescribed in such contract, and as soon as practicable after—

(1) the Secretary is satisfied that all defaults with respect to the development have been cured, and that the development will, in order to fulfill the purposes of this Act, thereafter be operated in accordance with the terms of such contract; or

(2) the termination of the obligation to make annual block grants to the authority, unless there are any obligations or covenants of the authority to the Secretary which are then in default.

Any prior conveyances and reconveyances or deliveries and redeliveries of possession shall not exhaust the right to require a conveyance or delivery of possession of the develop-

ment to the Secretary pursuant to subsection (a) upon the subsequent occurrence of a substantial default.

(c) CONTINUED GRANTS FOR REPAYMENT OF BONDS AND NOTES UNDER 1937 ACT.—If—

(1) a contract for block grants under title II for an authority includes provisions that expressly state that the provisions are included pursuant to this subsection, and

(2) the portion of the block grant payable for debt service requirements pursuant to the contract has been pledged by the local housing and management authority as security for the payment of the principal and interest on any of its obligations, then—

(A) the Secretary shall (notwithstanding any other provisions of this Act), continue to make the block grant payments for the authority so long as any of such obligations remain outstanding; and

(B) the Secretary may covenant in such a contract that in any event such block grant amounts shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the development for the purpose at the time such block grant payments are made, will suffice for the

payment of all installments of principal and interest on the obligations for which the amounts provided for in the contract shall have been pledged as security that fall due within the next succeeding 12 months.

In no case shall such block grant amounts be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.

SEC. 438. REMOVAL OF INEFFECTIVE LHMA'S.

(a) CONDITIONS OF REMOVAL.—The actions specified in subsection (b) may be taken only upon—

(1) the occurrence of events or conditions that constitute a substantial default by a local housing and management authority with respect to (A) the covenants or conditions to which the local housing and management authority is subject, or (B) an agreement entered into under section 436;

(2) designation of the authority as dysfunctional pursuant to section 431(a)(2)(E);

(3) in the case only of action under subsection (b)(1), failure of a local housing and management authority to obtain reaccreditation upon the expiration of the term of a previous accreditation granted under this subtitle; or

(4) submission to the Secretary of a petition by the residents of the public housing owned or operated by a local housing and management authority that is designated as troubled or dysfunctional pursuant to section 431(a)(2).

(b) REMOVAL ACTIONS.—Notwithstanding any other provision of law or of any block grant contract under title II or any grant agreement under title III, in accordance with subsection (a), the Secretary may—

(1) solicit competitive proposals from other local housing and management authorities and private housing management agents (which, in the discretion of the Secretary, may be selected by existing public housing residents through administrative procedures established by the Secretary) and, if appropriate, provide for such agents to manage all, or part, of the housing administered by the local housing and management authority or all or part of the other functions of the authority;

(2) take possession of the local housing and management authority, including any developments or functions of the authority under any section of this Act;

(3) solicit competitive proposals from other local housing and management authorities and private en-

tities with experience in construction management and, if appropriate, provide for such authorities or firms to oversee implementation of assistance made available for capital improvements for public housing;

(4) require the authority to make other arrangements acceptable to the Secretary and in the best interests of the public housing residents and assisted families under title III for managing all, or part of, the public housing administered by the authority or the functions of the authority; or

(5) petition for the appointment of a receiver for the local housing and management authority to any district court of the United States or to any court of the State in which any portion of the jurisdiction of the local housing and management authority is located, that is authorized to appoint a receiver for the purposes and having the powers prescribed in this section.

(c) EMERGENCY ASSISTANCE.—The Secretary may make available to receivers and other entities selected or appointed pursuant to this section such assistance as is fair and reasonable to remedy the substantial deterioration of living conditions in individual public housing developments or other related emergencies that endanger the health, safety

and welfare of public housing residents or assisted families under title III.

(d) POWERS OF SECRETARY.—If the Secretary takes possession of an authority, or any developments or functions of an authority, pursuant to subsection (b)(2), the Secretary—

(1) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification, but only after efforts to renegotiate such contracts have failed;

(2) may demolish and dispose of assets of the authority in accordance with subtitle E of title II;

(3) where determined appropriate by the Secretary, may require the establishment of one or more new local housing and management authorities;

(4) may consolidate the authority into other well-managed local housing and management authorities with the consent of such well-managed authorities;

(5) shall not be subject to any State or local laws relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impede correction of the substantial default or improvement of the classification; and

(6) shall have such additional authority as a district court of the United States has the authority to confer under like circumstances upon a receiver to achieve the purposes of the receivership.

The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the Secretary's responsibility under this paragraph for the administration of a local housing and management authority. The Secretary may delegate to the administrative receiver any or all of the powers of the Secretary under this subsection. Regardless of any delegation under this subsection, an administrative receiver may not require the establishment of one or more new local housing and management authorities pursuant to paragraph (3) unless the Secretary first approves such establishment. For purposes of this subsection, the term "local housing and management authority" includes any developments or functions of a local housing and management authority under any section of this title.

(e) RECEIVERSHIP.—

(1) REQUIRED APPOINTMENT.—In any proceeding under subsection (b)(5), upon a determination that a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs

of the local housing and management authority in a manner consistent with this Act and in accordance with such further terms and conditions as the court may provide. The receiver appointed may be another local housing and management authority, a private management corporation, the Secretary, or any other appropriate entity. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

(2) POWERS OF RECEIVER.—If a receiver is appointed for a local housing and management authority pursuant to subsection (b)(5), in addition to the powers accorded by the court appointing the receiver, the receiver—

(A) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification;

(B) may demolish and dispose of assets of the authority in accordance with subtitle E of title II;

(C) where determined appropriate by the Secretary, may require the establishment of one or more new local housing and management au-

thorities, to the extent permitted by State and local law; and

(D) except as provided in subparagraph (C), shall not be subject to any State or local laws relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the receiver, substantially impede correction of the substantial default or improvement of the classification.

For purposes of this paragraph, the term "local housing and management authority" includes any developments or functions of a local housing and management authority under any section of this title.

(3) TERMINATION.—The appointment of a receiver pursuant to this subsection may be terminated, upon the petition of any party, when the court determines that all defaults have been cured or the local housing and management authority will be able to make the same amount of progress in correcting the management of the housing as the receiver.

(f) LIABILITY.—If the Secretary takes possession of an authority pursuant to subsection (b)(2) or a receiver is appointed pursuant to subsection (b)(5) for a local housing and management authority, the Secretary or the receiver

shall be deemed to be acting in the capacity of the local housing and management authority (and not in the official capacity as Secretary or other official) and any liability incurred shall be a liability of the local housing and management authority.

(g) EFFECTIVENESS.—The provisions of this section shall apply with respect to actions taken before, on, or after the effective date of this Act and shall apply to any receivers appointed for a public housing agency before the date of enactment of this Act.

SEC. 439. MANDATORY TAKEOVER OF CHRONICALLY TROUBLED PHA'S.

(a) REMOVAL OF AGENCY.—Notwithstanding any other provision of this Act, not later than the expiration of the 180-day period beginning on the date of the enactment of this Act, the Secretary shall take one of the following actions with respect to each chronically troubled public housing agency:

(1) CONTRACTING FOR MANAGEMENT.—Solicit competitive proposals for the management of the agency pursuant to section 437(b)(1) and replace the management of the agency pursuant to selection of such a proposal.

(2) TAKEOVER.—Take possession of the agency pursuant to section 437(b)(2) of such Act.

(b) DEFINITION.—For purposes of this section, the term "chronically troubled public housing agency" means a public housing agency that, as of the date of the enactment of this Act, is designated under section 6(j)(2) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) as a troubled public housing agency and has been so designated continuously for the 3-year period ending upon such date of enactment; except that such term does not include any agency that owns or operates less than 1250 public housing dwelling units and that the Secretary determines can, with a reasonable amount of effort, make such improvements or remedies as may be necessary to remove its designation as troubled within 12 months.

SEC. 440. TREATMENT OF TROUBLED PHA'S.

(a) EFFECT OF TROUBLED STATUS ON CHAS.—The comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the State or unit of general local government in which any troubled public housing agency is located shall not be considered to comply with the requirements under section 105 of the Cranston-Gonzalez National Affordable Housing Act unless such plan includes a description of the manner in which the State or unit will assist such troubled agency in improving its operations to remove such designation.

(b) DEFINITION.—For purposes of this section, the term "troubled public housing agency" means a public housing agency that—

(1) upon the date of the enactment of this Act, is designated under section 6(j)(2) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this Act) as a troubled public housing agency; and

(2) is not a chronically troubled public housing agency, as such term is defined in section 439(b) of this Act.

SEC. 441. MAINTENANCE OF AND ACCESS TO RECORDS.

(a) KEEPING OF RECORDS.—Each local housing and management authority shall keep such records as may be reasonably necessary to disclose the amount and the disposition by the authority of the proceeds of assistance received pursuant to this Act and to ensure compliance with the requirements of this Act.

(b) ACCESS TO DOCUMENTS.—The Secretary, the Inspector General for the Department of Housing and Urban Development, and the Comptroller General of the United States shall each have access for the purpose of audit and examination to any books, documents, papers, and records of a local housing and management authority that are per-

tinent to this Act and assistance received pursuant to this Act.

SEC. 442. ANNUAL REPORTS REGARDING TROUBLED LHMA'S.

The Secretary shall submit a report to the Congress annually, as a part of the report of the Secretary under section 8 of the Department of Housing and Urban Development Act, that—

(1) identifies the local housing and management authorities that are designated as troubled or dysfunctional under section 431(a)(2) and the reasons for such designation;

(2) identifies the local housing and management authorities that have lost accreditation pursuant to section 433; and

(3) describes any actions that have been taken in accordance with sections 433, 434, 435, 436, and 438.

SEC. 443. APPLICABILITY TO RESIDENT MANAGEMENT CORPORATIONS.

The Secretary shall apply the provisions of this subtitle to resident management corporations in the same manner as applied to local housing and management authorities.

TITLE V—REPEALS AND CONFORMING AMENDMENTS

SEC. 501. REPEALS.

(a) IN GENERAL.—The following provisions of law are hereby repealed:

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.).

(2) ASSISTED HOUSING ALLOCATION.—Section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439).

(3) PUBLIC HOUSING RENT WAIVERS FOR POLICE.—Section 519 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437a–1).

(4) OCCUPANCY PREFERENCES AND INCOME MIX FOR NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION PROJECTS.—Subsection (c) of section 545, and section 555, of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(5) TREATMENT OF CERTIFICATE AND VOUCHER HOLDERS.—Subsection (c) of section 183 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(6) EXCESSIVE RENT BURDEN DATA.—Subsection (b) of section 550 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(7) SECTION 8 DISASTER RELIEF.—Sections 931 and 932 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note).

(8) MOVING TO OPPORTUNITY FOR FAIR HOUSING.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(9) REPORT REGARDING FAIR HOUSING OBJECTIVES.—Section 153 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(10) SECTION 8 COMMUNITY INVESTMENT DEMONSTRATION.—Section 6 of the HUD Demonstration Act of 1993 (42 U.S.C. 1437f note).

(11) SPECIAL PROJECTS FOR ELDERLY OR HANDICAPPED FAMILIES.—Section 209 of the Housing and Community Development Act of 1974 (42 U.S.C. 1438).

(12) ACCESS TO PHA BOOKS.—Section 816 of the Housing Act of 1954 (42 U.S.C. 1435).

(13) MISCELLANEOUS PROVISIONS.—Subsections (b)(1), (c), and (d) of section 326 of the Housing and Community Development Amendments of 1981 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f note).

(14) PAYMENT FOR DEVELOPMENT MANAGERS.—Section 329A of the Housing and Community Development Amendments of 1981 (42 U.S.C. 1437j–1).

(15) PURCHASE OF PHA OBLIGATIONS.—Section 329E of the Housing and Community Development Amendments of 1981 (12 U.S.C. 2294a).

(16) PROCUREMENT OF INSURANCE BY PHA'S.—

(A) In the item relating to "ADMINISTRATIVE PROVISIONS" under the heading "MANAGEMENT AND ADMINISTRATION" in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1991, the penultimate undesignated paragraph of such item (Public Law 101–507; 104 Stat. 1369).

(B) In the item relating to "ADMINISTRATIVE PROVISIONS" under the heading "MANAGEMENT AND ADMINISTRATION" in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1992, the 19th through 23d undesignated paragraphs of such item (Public Law 102–139; 105 Stat. 758).

(17) PUBLIC HOUSING CHILDHOOD DEVELOPMENT.—Section 222 of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z–6 note).

(18) INDIAN HOUSING CHILDHOOD DEVELOPMENT.—Section 518 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z–6 note).

(19) PUBLIC HOUSING COMPREHENSIVE TRANSITION DEMONSTRATION.—Section 126 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(20) PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.—Section 521 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note).

(21) PUBLIC HOUSING MINCS DEMONSTRATION.—Section 522 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(22) PUBLIC HOUSING ENERGY EFFICIENCY DEMONSTRATION.—Section 523 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437g note).

(23) OMAHA HOMEOWNERSHIP DEMONSTRATION.—Section 132 of the Housing and Community

Development Act of 1992 (Public Law 102–550; 106 stat. 3712).

(24) PUBLIC AND ASSISTED HOUSING YOUTH SPORTS PROGRAMS.—Section 520 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11903a).

(b) SAVINGS PROVISION.—The repeals made by subsection (a) shall not affect any legally binding obligations entered into before the date of the enactment of this Act. Any funds or activities subject to a provision of law repealed by subsection (a) shall continue to be governed by the provision as in effect immediately before such repeal.

SEC. 502. CONFORMING AND TECHNICAL PROVISIONS.

(a) ALLOCATION OF ELDERLY HOUSING AMOUNTS.—Section 202(l) of the Housing Act of 1959 (12 U.S.C. 1701q(l)) is amended by adding at the end the following new paragraph:

"(4) CONSIDERATION IN ALLOCATING ASSISTANCE.—Assistance under this section shall be allocated in a manner that ensures that the awards of the assistance are made for projects of sufficient size to accommodate facilities for supportive services appropriate to the needs of frail elderly residents.".

(b) ELIGIBILITY FOR ASSISTED HOUSING.—

(1) GENERAL.—Notwithstanding any other provision of law, for purposes of determining eligibility for admission to assisted housing, a person shall not be considered to have a disability or a handicap solely because of the prior or current illegal use of a controlled substance (as defined in section 102 of the Controlled Substances Act) or solely by reason of the prior or current use of alcohol.

(2) DEFINITION.—For purposes of this subsection, the term "assisted housing" means housing designed primarily for occupancy by elderly persons or persons with disabilities that is assisted pursuant to this Act, the United States Housing Act of 1937, section 221(d)(3) or 236 of the National Housing Act, section 202 of the Housing Act of 1959, section 101 of the Housing and Urban Development Act of 1965, or section 811 of the Cranston-Gonzalez National Affordable Housing Act.

(3) CONTINUED OCCUPANCY.—This subsection may not be construed to prohibit the continued occupancy of any person who is a resident in assisted housing on the date of enactment of this Act.

(c) AMENDMENT TO HOUSING AND URBAN-RURAL RECOVERY ACT OF 1983.—Section 227(d)(2) of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701r–

1(d)(2)) is amended by inserting "the United States Housing Act of 1996," after "the United States Housing Act of 1937,".

(d) REVIEW OF DRUG ELIMINATION PROGRAM CONTRACTS.—

(1) REQUIREMENT.—Notwithstanding the repeal under section 501(a)(26), the Secretary of Housing and Urban Development shall investigate all security contracts awarded by grantees under the Public and Assisted Housing Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.) that are public housing agencies that own or operate more than 4,500 public housing dwelling units—

(A) to determine whether the contractors under such contracts have complied with all laws and regulations regarding prohibition of discrimination in hiring practices;

(B) to determine whether such contracts were awarded in accordance with the applicable laws and regulations regarding the award of such contracts;

(C) to determine how many such contracts were awarded under emergency contracting procedures;

(D) to evaluate the effectiveness of the contracts; and

(E) to provide a full accounting of all expenses under the contracts.

(2) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall complete the investigation required under paragraph (1) and submit a report to the Congress regarding the findings under the investigation. With respect to each such contract, the report shall (A) state whether the contract was made and is operating, or was not made or is not operating, in full compliance with applicable laws and regulations, and (B) for each contract that the Secretary determines is in such compliance in a personal certification of such compliance by the Secretary of Housing and Urban Development.

(3) ACTIONS.—For each contract that is described in the report under paragraph (2) as not made or not operating in full compliance with applicable laws and regulation, the Secretary of Housing and Urban Development shall promptly take any actions available under law or regulation that are necessary—

(A) to bring such contract into compliance; or

(B) to terminate the contract.

(e) REFERENCES.—Except as provided in section 271 and 501(b), any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to—

(1) public housing or housing assisted under the United States Housing Act of 1937 is deemed to refer to public housing assisted under title II of this Act;

(2) to assistance under section 8 of the United States Housing Act of 1937 is deemed to refer to assistance under title III of this Act; and

(3) to assistance under the United States Housing Act of 1937 is deemed to refer to assistance under this Act.

(f) CONVERSION OF PROJECT-BASED ASSISTANCE TO CHOICE-BASED RENTAL ASSISTANCE.—

(1) SECTION 8 PROJECT-BASED CONTRACTS.—Upon the request of the owner of a multifamily housing project for which project-based assistance is provided under a contract entered into under section 8 of the United States Housing Act of 1937 (as in effect before the enactment of this Act), notwithstanding the termination date of such contract the Secretary shall provide for a reduction in the number of dwelling units assisted under the contract, which may not ex-

ceed 40 percent of the units in the project and shall be subject to the requirements in paragraphs (3) and (4) of this subsection.

(2) SECTION 236 CONTRACTS.—Upon the request of the owner of a multifamily housing project for which assistance is provided under a contract for interest reduction payments under section 236 of the National Housing Act, notwithstanding the termination date of such contract the Secretary shall provide for a reduction in the number of dwelling units assisted under the contract, which may not exceed 40 percent of the units in the project. The amount of the interest reduction payments made on behalf of the owner shall be reduced by a fraction for which the numerator is the aggregate basic rent for the units which are no longer assisted under the contract for interest reduction payments and the denominator is the aggregate basic rents for all units in the project. The requirements of section 236(g) of the National Housing Act shall not apply to rental charges collected with respect to dwelling units for which assistance in terminated under this paragraph. Such reduction shall be subject to the requirements in paragraphs (3) and (4) of this subsection.

(3) ELIGIBLE UNITS.—A unit may be removed from coverage by a contract pursuant to paragraph (1) or (2) only—

(A) upon the vacancy of the unit; and

(B) in the case of—

(i) units assisted under section 8 of the United States Housing Act of 1937, if the contract rent for the unit is not less than the applicable fair market rental established pursuant to section 8(c) of such Act for the area in which the unit is located; or

(ii) units assisted under an interest reduction contract under section 236 of the National Housing Act, if the reduction in the amount of interest reduction payments on a monthly basis is less than the aggregate amount of fair market rents established pursuant to section 8(c) of such Act for the number and type of units which are removed from coverage by the contract.

(4) RECAPTURE.—Any budget authority that becomes available to a local housing and management authority or the Secretary pursuant to this section shall be used to provide choice-based rental assistance

under title III, during the term covered by such contract.

SEC. 503. AMENDMENTS TO PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION ACT OF 1990.

(a) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is amended by striking the chapter heading and all that follows through section 5123 and inserting the following:

"CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME

"SEC. 5121. SHORT TITLE.

"This chapter may be cited as the 'Community Partnerships Against Crime Act of 1996'.

"SEC. 5122. PURPOSES.

"The purposes of this chapter are to—

"(1) improve the quality of life for the vast majority of law-abiding public housing residents by reducing the levels of fear, violence, and crime in their communities;

"(2) broaden the scope of the Public and Assisted Housing Drug Elimination Act of 1990 to apply to all types of crime, and not simply crime that is drug-related; and

"(3) reduce crime and disorder in and around public housing through the expansion of community-oriented policing activities and problem solving.

"SEC. 5123. AUTHORITY TO MAKE GRANTS.

"The Secretary of Housing and Urban Development may make grants in accordance with the provisions of this chapter for use in eliminating crime in and around public housing and other federally assisted low-income housing projects to (1) local housing and management authorities, and (2) private, for-profit and nonprofit owners of federally assisted low-income housing.".

(b) ELIGIBLE ACTIVITIES.—

(1) IN GENERAL.—Section 5124(a) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is amended—

(A) in the matter preceding paragraph (1), by inserting "and around" after "used in";

(B) in paragraph (3), by inserting before the semicolon the following: ", including fencing, lighting, locking, and surveillance systems";

(C) in paragraph (4), by striking subparagraph (A) and inserting the following new subparagraph:

"(A) to investigate crime; and";

(D) in paragraph (6)—

(i) by striking "in and around public or other federally assisted low-income housing projects"; and

(ii) by striking "and" after the semicolon; and

(E) by striking paragraph (7) and inserting the following new paragraphs:

"(7) providing funding to nonprofit public housing resident management corporations and resident councils to develop security and crime prevention programs involving site residents;

"(8) the employment or utilization of one or more individuals, including law enforcement officers, made available by contract or other cooperative arrangement with State or local law enforcement agencies, to engage in community- and problem-oriented policing involving interaction with members of the community in proactive crime control and prevention activities;

"(9) programs and activities for or involving youth, including training, education, recreation and sports, career planning, and entrepreneurship and employment activities and after school and cultural programs; and

"(10) service programs for residents that address the contributing factors of crime, including programs for job training, education, drug and alcohol treatment, and other appropriate social services.".

(2) OTHER LHMA-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 housing owned by public housing agencies" and inserting "crime in and around housing owned by local housing and management authorities"; and

(ii) by striking "paragraphs (1) through (7)" and inserting "paragraphs (1) through (10)"; and

(B) in paragraph (2)—

(i) by striking "public housing agency" and inserting "local housing and management authority"; and

(ii) 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) LHMA'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 local housing and management authorities:

"(A) NEW APPLICANTS.—Each local housing and management authority 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 local housing and management authority 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 be developed with the participation of residents and appropriate law enforcement officials. The plan shall describe, for the local housing and management authority submitting the plan—

"(A) the nature of the crime problem in public housing owned or operated by the local housing and management authority;

"(B) the building or buildings of the local housing and management authority 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 local housing and management authority receiving a grant pursuant to paragraph (1) shall be the amount that bears the same ratio to the total amount made available under section 5131(b)(1) as the total number of public dwelling units owned or operated by such authority bears to the total number of dwelling units owned or operated by all local housing and management authorities 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 local housing and management authority receiving a grant pursuant to this subsection to determine whether the agency—

"(A) has carried out such activities in a timely manner and in accordance with its 5-year crime deterrence and reduction plan; and

"(B) has a continuing capacity to carry out such plan in a timely manner.

"(5) SUBMISSION OF APPLICATIONS.—The Secretary shall establish such deadlines and requirements for submission of applications under this subsection.

"(6) REVIEW AND DETERMINATION.—The Secretary shall review each application submitted under this subsection upon submission and shall approve the application unless the application and the 5-year crime deterrence and reduction plan are inconsistent with the purposes of this chapter or any requirements established by the Secretary or the information in the application or plan is not substantially complete. Upon approving or determining not to approve an application and plan submitted under this subsection, the Secretary shall notify the local housing and man-

agement authority submitting the application and plan of such approval or disapproval.

"(7) DISAPPROVAL OF APPLICATIONS.—If the Secretary notifies an authority that the application and plan of the authority 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 authority, in writing, of the reasons for the disapproval, the actions that the authority 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 authority 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 authority whose application has been disapproved, the application and plan shall be considered to have been approved for purposes of this section.

"(b) LHMA'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 local housing and management authority 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 LHMA'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 local housing and management authorities 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 sec-

tion 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

"(4) CRITERIA FOR APPROVAL OF APPLICATIONS.—The Secretary shall determine whether to approve each application under this subsection on the basis of—

"(A) the extent of the crime problem in and around the housing for which the application is made;

"(B) the quality of the plan to address the crime problem in the housing for which the application is made;

"(C) the capability of the applicant to carry out the plan; and

"(D) the extent to which the tenants of the housing, the local government, local community-based nonprofit organizations, local tenant organizations representing residents of neighboring projects that are owned or assisted by the Secretary, and the local community support and participate in the design and implementation of

the activities proposed to be funded under the application.

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the United States Housing Act of 1996.

"(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 local housing and management authorities and owners of federally assisted low-income housing; or

"(B) relevant differences between the problem of crime in public housing administered by such authorities and the problem of crime in federally assisted low-income housing.".

(d) DEFINITIONS.—Section 5126 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11905) is amended—

(1) by striking paragraphs (1) and (2);

(2) in paragraph (4)(A), by striking "section" before "221(d)(4)";

(3) by redesignating paragraphs (3) and (4) (as so amended) as paragraphs (1) and (2), respectively; and

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

"(3) LOCAL HOUSING AND MANAGEMENT AUTHORITY.—The term 'local housing and management authority' has the meaning given the term in title I of the United States Housing Act of 1996.".

(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 "United States Housing Act of 1996".

(f) REPORTS.—Section 5128 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11907) is amended—

(1) by striking "drug-related crime in" and inserting "crime in and around"; and

(2) by striking "described in section 5125(a)" and inserting "for the grantee submitted under subsection (a) or (b) of section 5125, as applicable".

(g) FUNDING AND PROGRAM SUNSET.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 is amended by striking section 5130 (42 U.S.C. 11909) and inserting the following new sections:

"SEC. 5130. FUNDING.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this chapter such sums as may be necessary for fiscal years 1997 and 1998.

"(b) ALLOCATION.—Of any amounts available, or that the Secretary is authorized to use, to carry out this chapter in any fiscal year—

"(1) 85 percent shall be available only for assistance pursuant to section 5125(a) to local housing and management authorities 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 local housing and management authorities 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).".

(h) CONFORMING AMENDMENTS.—The table of contents in section 5001 of the Anti-Drug Abuse Act of 1988 (Public Law 100–690; 102 Stat. 4295) is amended—

(1) by striking the item relating to the heading for chapter 2 of subtitle C of title V and inserting the following:

"CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME";

(2) by striking the item relating to section 5122 and inserting the following new item:

"Sec. 5122. Purposes.";

(3) by striking the item relating to section 5125 and inserting the following new item:

"Sec. 5125. Grant procedures.";

and

(4) by striking the item relating to section 5130 and inserting the following new item:

"Sec. 5130. Funding.".

(i) TREATMENT OF NOFA.—The cap limiting assistance under the Notice of Funding Availability issued by the Department of Housing and Urban Development in the Federal Register of April 8, 1996, shall not apply to a local housing and management authority within an area designated as a high intensity drug trafficking area under section 1005(c) of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1504(c).

SEC. 504. TREATMENT OF CERTAIN PROJECTS.

Rehabilitation activities undertaken by Pennrose Properties in connection with 40 dwelling units for senior citizens in the Providence Square development located in New Brunswick, New Jersey, are hereby deemed to have been conducted pursuant to the approval of and an agreement with the Secretary of Housing and Urban Development under clauses (i) and (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).

SEC. 505. AMENDMENTS RELATING TO COMMUNITY DEVELOPMENT ASSISTANCE.

(a) ELIGIBILITY OF METROPOLITAN CITIES.—Section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)) is amended—

(1) by striking the second sentence and inserting the following new sentence: "Any city that was classified as a metropolitan city for at least 1 year after September 30, 1989, pursuant to the first sentence of this paragraph, shall remain classified as a metropolitan city by reason of this sentence until the first year for which data from the 2000 Decennial Census is available for use for purposes of allocating amounts this title."; and

(2) by striking the fifth sentence and inserting the following new sentence: "Notwithstanding that the

population of a unit of general local government was included, after September 30, 1989, with the population of an urban county for purposes of qualifying for assistance under section 106, the unit of general local government may apply for assistance under section 106 as a metropolitan city if the unit meets the requirements of the second sentence of this paragraph.".

(b) PUBLIC SERVICES LIMITATION.—Section 105(a)(8) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(8)) is amended by striking "through 1997" and inserting "through 1998".

SEC. 506. AUTHORITY TO TRANSFER SURPLUS REAL PROPERTY FOR HOUSING USE.

Section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) is amended by adding at the end the following new subsection:

"(r)(1) Under such regulations as the Administrator may prescribe, and with the written consent of appropriate local governmental authorities, the Administrator may transfer to any nonprofit organization which exists for the primary purpose of providing housing or housing assistance for homeless individuals or families, such surplus real property, including buildings, fixtures, and equipment situated thereon, as is needed for housing use.

"(2) Under such regulations as the Administrator may prescribe, and with the written consent of appropriate local governmental authorities, the Administrator may transfer to any nonprofit organization which exists for the primary purpose of providing housing or housing assistance for low-income individuals or families such surplus real property, including buildings, fixtures, and equipment situated thereon, as is needed for housing use.

"(3) In making transfers under this subsection, the Administrator shall take such action, which shall include grant agreements with an organization receiving a grant, as may be necessary to ensure that—

"(A) assistance provided under this subsection is used to facilitate and encourage homeownership opportunities through the construction of self-help housing, under terms which require that the person receiving the assistance contribute a significant amount of labor toward the construction; and

"(B) the dwellings constructed with property transferred under this subsection shall be quality dwellings that comply with local building and safety codes and standards and shall be available at prices below the prevailing market prices.

"(4)(A) Where the Administrator has transferred a significant portion of a surplus real property, including build-

ings, fixtures, and equipment situated thereon, under paragraph (1) or (2) of this subsection, the transfer of the entire property shall be deemed to be in compliance with title V of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411 et seq.).

"(B) For the purpose of this paragraph, the term 'a significant portion of a surplus real property' means a portion of surplus real property—

"(i) which constitutes at least 5 acres of total acreage;

"(ii) whose fair market value exceeds $100,000; or

"(iii) whose fair market value exceeds 15 percent of the surplus property's fair market value.

"(5) The provisions of this section shall not apply to buildings and property at military installations that are approved for closure under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) and shall not supersede the provisions of section 2(e) of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (10 U.S.C. 2687 note).".

SEC. 507. RURAL HOUSING ASSISTANCE.

The last sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended by inserting before

the period the following: ", and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this title until the receipt of data from the decennial census in the year 2000".

SEC. 508. TREATMENT OF OCCUPANCY STANDARDS.

(a) NATIONAL STANDARD PROHIBITED.—The Secretary of Housing and Urban Development shall not directly or indirectly establish a national occupancy standard.

(b) STATE STANDARD.—If a State establishes an occupancy standard—

(1) such standard shall be presumed reasonable for purposes of any laws administered by the Secretary; and

(2) the Secretary shall not suspend, withdraw, or deny certification of any State or local public agency based in whole or in part on that State occupancy standard or its operation.

(c) ABSENCE OF STATE STANDARD.—If a State fails to establish an occupancy standard, an occupancy standard of 2 persons per bedroom established by a housing provider shall be presumed reasonable for the purposes of any laws administered by the Secretary.

(d) DEFINITION.—

(1) GENERAL RULE.—Except as provided in paragraph (2), the term "occupancy standard" means a law, regulation, or housing provider policy that establishes a limit on the number of residents a housing provider can properly manage in a dwelling for any 1 or more of the following purposes—

(A) providing a decent home and services for each resident;

(B) enhancing the livability of a dwelling for all residents, including the dwelling for each particular resident; and

(C) avoiding undue physical deterioration of the dwelling and property.

(2) EXCEPTION.—The term "occupancy standard" does not include a Federal, State, or local restriction regarding the maximum number of persons permitted to occupy a dwelling for the sole purpose of protecting the health and safety of the residents of a dwelling, including building and housing code provisions.

(e) EFFECTIVE DATE.—This section shall take effect January 1, 1996.

SEC. 509. IMPLEMENTATION OF PLAN.

(a) IMPLEMENTATION.—Within 120 days after the enactment of this Act, the Secretary of Housing and Urban

Development shall implement the Ida Barbour Revitalization Plan of the City of Portsmouth, Virginia, in a manner consistent with existing limitations under law. The Secretary shall consider and make any waivers to existing regulations consistent with such plan to enable timely implementation of such plan.

(b) REPORT.—Such city shall submit a report to the Secretary on progress in implementing the plan not later than 1 year after the date of the enactment of this Act and annually thereafter through the year 2000. The report shall include quantifiable measures revealing the increase in homeowners, employment, tax base, voucher allocation, leverage ratio of funds, impact on and compliance with the city's consolidated plan, identification of regulatory and statutory obstacles which have or are causing unnecessary delays in the plan's successful implementation or are contributing to unnecessary costs associated with the revitalization, and any other information as the Secretary considers appropriate.

SEC. 510. INCOME ELIGIBILITY FOR HOME AND CDBG PROGRAMS.

(a) HOME INVESTMENT PARTNERSHIPS.—The Cranston-Gonzalez National Affordable Housing Act is amended as follows:

(1) DEFINITIONS.—In section 104(10) (42 U.S.C. 12704(10))—

(A) by striking "income ceilings higher or lower" and inserting "an income ceiling higher";

(B) by striking "variations are" and inserting "variation is"; and

(C) by striking "high or".

(2) INCOME TARGETING.—In section 214(1)(A) (42 U.S.C. 12744(1)(A))—

(A) by striking "income ceilings higher or lower" and inserting "an income ceiling higher";

(B) by striking "variations are" and inserting "variation is"; and

(C) by striking "high or".

(3) RENT LIMITS.—In section 215(a)(1)(A) (42 U.S.C. 12745(a)(1)(A))—

(A) by striking "income ceilings higher or lower" and inserting "an income ceiling higher";

(B) by striking "variations are" and inserting "variation is"; and

(C) by striking "high or".

(b) CDBG.—Section 102(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(20)) is amended by striking subparagraph (B) and inserting the following new subparagraph:

"(B) The Secretary may—

"(i) with respect to any reference in subparagraph (A) to 50 percent of the median income of the area involved, establish percentages of median income for any area that are higher or lower than 50 percent if the Secretary finds such variations to be necessary because of unusually high or low family incomes in such area; and

"(ii) with respect to any reference in subparagraph (A) to 80 percent of the median income of the area involved, establish a percentage of median income for any area that is higher than 80 percent if the Secretary finds such variation to be necessary because of unusually low family incomes in such area.".

SEC. 511. AMENDMENTS RELATING TO SECTION 236 PROGRAM.

Section 236(f)(1) of the National Housing Act (12 U.S.C. 1715z–1) (as amended by section 405(d)(1) of The Balanced Budget Downpayment Act, I, and by section 228(a) of The Balanced Budget Downpayment Act, II) is amended—

(1) in the second sentence, by striking "the lower of (i)";

(2) in the second sentence, by striking "(ii) the fair market rental established under section 8(c) of the United States Housing Act of 1937 for the market area in which the housing is located, or (iii) the actual rent (as determined by the Secretary) paid for a comparable unit in comparable unassisted housing in the market area in which the housing assisted under this section is located,"; and

(3) by inserting after the second sentence the following: "However, in the case of a project which contains more than 5,000 units, is subject to an interest reduction payments contract, and is financed under a State or local program, the Secretary may reduce the rental charge ceiling, but in no case shall the rent be below basic rent. For plans of action approved for capital grants under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the provisions of the Emergency Low Income Housing Preservation Act of 1987, the rental charge for each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the lower of (i) the fair market rental charge determined pursuant to this paragraph, or (ii) the actual rent paid for a comparable unit in comparable unassisted housing in the market area in which the housing is located, as rep-

resents 30 percent of the tenant's adjusted income, but in no case shall the rent be below basic rent.".

SEC. 512. PROSPECTIVE APPLICATION OF GOLD CLAUSES.

Section 5118(d)(2) of title 31, United States Code, is amended by adding at the end the following new sentence: "This paragraph shall continue to apply to any obligations issued on or before October 27, 1977, notwithstanding any assignment and/or novation of such obligations after such date, unless all parties to the assignment and/or novation specifically agree to include a gold clause in the new agreement.".

SEC. 513. MOVING TO WORK DEMONSTRATION FOR THE 21ST CENTURY.

(a) PURPOSE.—The purpose of this demonstration under this section is to give local housing and management authorities and the Secretary of Housing and Urban Development the flexibility to design and test various approaches for providing and administering housing assistance that—

(1) reduce cost and achieve greater cost effectiveness in Federal expenditures;

(2) give incentives to families with children where the head of household is working, seeking work, or preparing for work by participating in job training, educational programs, or programs that assist

people to obtain employment and become economically self-sufficient; and

(3) increase housing choices for low-income families.

(b) PROGRAM AUTHORITY.—

(1) SELECTION OF PARTICIPANTS.—The Secretary of Housing and Urban Development shall conduct a demonstration program under this section beginning in fiscal year 1997 under which local housing and management authorities (including Indian housing authorities) administering the public or Indian housing program and the choice-based rental assistance program under title III of this Act shall be selected by the Secretary to participate. In the first year of the demonstration, the Secretary shall select 100 local housing and management authorities to participate. In each of the next 2 years of the demonstration, the Secretary shall select 100 additional local housing and management authorities per year to participate. During the first year of the demonstration, the Secretary shall select for participation any authority that complies with the requirement under subsection (d) and owns or administers more than 99,999 dwelling units of public housing.

(2) TRAINING.—The Secretary, in consultation with representatives of public housing interests, shall provide training and technical assistance during the demonstration and conduct detailed evaluations of up to 30 such agencies in an effort to identify replicable program models promoting the purpose of the demonstration.

(3) USE OF HOUSING ASSISTANCE.—Under the demonstration, notwithstanding any provision of this Act, an authority may combine operating assistance provided under section 9 of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act), modernization assistance provided under section 14 of such Act, assistance provided under section 8 of such Act for the certificate and voucher programs, assistance for pubic housing provided under title II of this Act, and choice-based rental assistance provided under title III of this Act, to provide housing assistance for low-income families and services to facilitate the transition to work on such terms and conditions as the authority may propose.

(c) APPLICATION.—An application to participate in the demonstration—

(1) shall request authority to combine assistance refereed to in subsection (b)(3);

(2) shall be submitted only after the local housing and management authority provides for citizen participation through a public hearing and, if appropriate, other means;

(3) shall include a plan developed by the authority that takes into account comments from the public hearing and any other public comments on the proposed program, and comments from current and prospective residents who would be affected, and that includes criteria for—

(A) establishing a reasonable rent policy, which shall be designed to encourage employment and self-sufficiency by participating families, consistent with the purpose of this demonstration, such as by excluding some or all of a family's earned income for purposes of determining rent; and

(B) assuring that housing assisted under the demonstration program meets housing quality standards established or approved by the Secretary; and

(4) may request assistance for training and technical assistance to assist with design of the dem-

onstration and to participate in a detailed evaluation.

(d) SELECTION CRITERIA.—In selecting among applications, the Secretary shall take into account the potential of each authority to plan and carry out a program under the demonstration and other appropriate factors as reasonably determined by the Secretary. An authority shall be eligible to participate in any fiscal year only if the most recent score for the authority under the public housing management assessment program under section 6(j) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act) is 90 or greater.

(e) APPLICABILITY OF CERTAIN PROVISIONS.—

(1) Section 261 of this Act shall continue to apply to public housing notwithstanding any use of the housing under this demonstration.

(2) Section 113 of this Act shall apply to housing assisted under the demonstration, other than housing assisted solely due to occupancy by families receiving tenant-based assistance.

(f) EFFECT ON PROGRAM ALLOCATIONS.—The amount of assistance received under titles II and III by a local housing and management authority participating in the demonstration under this section shall not be diminished by its participation.

(g) RECORDS, REPORTS, AND AUDITS.—

(1) KEEPING OF RECORDS.—Each authority shall keep such records as the Secretary may prescribe as reasonably necessary to disclose the amounts and the disposition of amounts under this demonstration, to ensure compliance with the requirements of this section, and to measure performance.

(2) REPORTS.—Each authority 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) document the use of funds made available under this section;

(B) provide such data as the Secretary may request to assist the Secretary in assessing the demonstration; and

(C) describe and analyze the effect of assisted activities in addressing the objectives of this part.

(3) ACCESS TO DOCUMENTS BY THE SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

(4) ACCESS TO DOCUMENTS BY THE COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

(h) EVALUATION AND REPORT.—

(1) CONSULTATION WITH LHMA AND FAMILY REPRESENTATIVES.—In making assessments throughout the demonstration, the Secretary shall consult with representatives of local housing and management authorities and residents.

(2) REPORT TO CONGRESS.—Not later than 180 days after the end of the third year of the demonstration, the Secretary shall submit to the Congress a report evaluating the programs carried out under the emonstration. The report shall also include findings and recommendations for any appropriate legislative action.

SEC. 514. OCCUPANCY SCREENING AND EVICTIONS FROM FEDERALLY ASSISTED HOUSING.

(a) OCCUPANCY SCREENING.—Section 642 of the Housing and Community Development Act of 1992 (42 U.S.C. 13602)—

(1) by inserting "(a) GENERAL CRITERIA.—" before "In"; and

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

"(b) AUTHORITY TO DENY OCCUPANCY FOR CRIMINAL OFFENDERS.—In selecting tenants for occupancy of dwelling units in federally assisted housing, if the owner of such housing determines that an applicant for occupancy in the housing or any member of the applicant's household is or was, during the preceding 3 years, engaged in any activity described in paragraph (2)(C) of section 645, the owner may—

"(1) deny such applicant occupancy and consider the applicant (for purposes of any waiting list) as not having applied for such occupancy ; and

"(2) after the expiration of the 3-year period beginning upon such activity, require the applicant, as a condition of occupancy in the housing or application for occupancy in the housing, to submit to the owner evidence sufficient (as the Secretary shall by regulation provide) to ensure that the individual or

individuals in the applicant's household who engaged in criminal activity for which denial was made under paragraph (1) have not engaged in any criminal activity during such 3-year period.

"(c) AUTHORITY TO REQUIRE ACCESS TO CRIMINAL RECORDS.—An owner of federally assisted housing may require, as a condition of providing occupancy in a dwelling unit in such housing to an applicant for occupancy and the members of the applicant's household, that each adult member of the household provide the owner with a signed, written authorization for the owner to obtain records described in section 646(a) regarding such member of the household from the National Crime Information Center, police departments, and other law enforcement agencies.

"(d) DEFINITION.—For purposes of subsections (b) and (c), the term 'federally assisted housing' has the meaning given the term by this title, except that the term does not include housing that only meets the requirements of section 683(2)(E).".

(b) TERMINATION OF TENANCY.—Subtitle C of title VI of the Housing and Community Development Act of 1992 (42 U.S.C. 13601 et seq.) is amended by adding at the end the following new section:

"SEC. 645. TERMINATION OF TENANCY.

"Each lease for a dwelling unit in federally assisted housing (as such term is defined in section 642(d)) shall provide that—

"(1) the owner may not terminate the tenancy except for violation of the terms and conditions of the lease, violation of applicable Federal, State, or local law, or other good cause; and

"(2) any activity, engaged in by the tenant, any member of the tenant's household, or any guest or other person under the tenant's control, that—

"(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other tenants or employees of the owner or other manager of the housing,

"(B) threatens the health or safety of, or right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises, or

"(C) is criminal activity (including drug-related criminal activity) on or off the premises, shall be cause for termination of tenancy.".

(c) AVAILABILITY OF CRIMINAL RECORDS FOR TENANT SCREENING AND EVICTION.—Subtitle C of title VI of the Housing and Community Development Act of 1992 (42 U.S.C. 13601 et seq.) is amended adding after section 645

(as added by subsection (b) of this section) the following new section:

"SEC. 646. AVAILABILITY OF RECORDS.

"(a) IN GENERAL.—

"(1) PROVISION OF INFORMATION.—Notwithstanding any other provision of law other than paragraph (2), upon the request of an owner of federally assisted housing, the National Crime Information Center, a police department, and any other law enforcement agency shall provide to the owner of federally assisted housing information regarding the criminal conviction records of an adult applicant for, or tenants of, the federally assisted housing for purposes of applicant screening, lease enforcement, and eviction, but only if the owner requests such information and presents to such Center, department, or agency with a written authorization, signed by such applicant, for the release of such information to such owner.

"(2) EXCEPTION.—The information provided under paragraph (1) may not include any information regarding any criminal conviction of an applicant or resident for any act (or failure to act) for which the applicant or resident was not treated as an adult under the laws of the convicting jurisdiction.

"(b) CONFIDENTIALITY.—An owner receiving information under this section may use such information only for the purposes provided in this section and such information may not be disclosed to any person who is not an officer or employee of the owner. The Secretary shall, by regulation, establish procedures necessary to ensure that information provided under this section to an owner is used, and confidentiality of such information is maintained, as required under this section.

"(c) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken with regard to assistance for federally assisted housing on the basis of a criminal record, the owner shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

"(d) FEE.—An owner of federally assisted housing may be charged a reasonable fee for information provided under subsection (a).

"(e) RECORDS MANAGEMENT.—Each owner of federally assisted housing that receives criminal record information under this section shall establish and implement a system of records management that ensures that any criminal record received by the owner is—

"(1) maintained confidentially;

"(2) not misused or improperly disseminated; and

"(3) destroyed, once the purpose for which the record was requested has been accomplished.

"(f) PENALTY.—Any person who knowingly and willfully requests or obtains any information concerning an applicant for, or resident of, federally assisted housing pursuant to the authority under this section under false pretenses, or any person who knowingly and willfully discloses any such information in any manner to any individual not entitled under any law to receive it, shall be guilty of a misdemeanor and fined not more than $5,000. The term 'person' as used in this subsection shall include an officer or employee of any local housing and management authority.

"(g) CIVIL ACTION.—Any applicant for, or resident of, federally assisted housing affected by (1) a negligent or knowing disclosure of information referred to in this section about such person by an officer or employee of any owner, which disclosure is not authorized by this section, or (2) any other negligent or knowing action that is inconsistent with this section, may bring a civil action for damages and such other relief as may be appropriate against any owner 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.

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

"(1) ADULT.—The term 'adult' means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal, State, or tribal law.

"(2) FEDERALLY ASSISTED HOUSING.—The term 'federally assisted housing' has the meaning given the term by this title, except that the term does not include housing that only meets the requirements of section 683(2)(E).".

(d) DEFINITIONS.—Section 683 of the Housing and Community Development Act of 1992 (42 U.S.C. 13643) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A), by striking "section 3(b) of the United States Housing Act of 1937" and inserting "section 102 of the United States Housing Act of 1996";

(B) in subparagraph (B), by inserting before the semicolon at the end the following; "(as in effect before the enactment of the United States Housing Act of 1996)";

(C) in subparagraph (F), by striking "and" at the end;

(D) in subparagraph (G), by striking the period at the end and inserting "; and"; and

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

"(H) for purposes only of subsections (b) and (c) of sections 642, and section 645 and 646, housing assisted under section 515 of the Housing Act of 1949.";

(2) in paragraph (4), by striking "public housing agency" and inserting "local housing and management authority"; and

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

"(6) 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 defined in section 102 of the Controlled Substances Act).".

SEC. 515. USE OF AMERICAN PRODUCTS.

(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

SEC. 516. 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 section:

"(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 application 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 50 percent of such amounts obtained by the eligible public entity or agency.".

SEC. 517. CONSULTATION WITH AFFECTED AREAS IN SETTLEMENT OF LITIGATION.

In negotiating any settlement of, or consent decree for, any litigation regarding public housing or rental assistance (under title III of this Act or the United States Housing Act of 1937, as in effect before the enactment of this Act) that involves the Secretary and any local housing and management authority or any unit of general local government, the Secretary shall consult with any units of general local government and local housing and management authorities having jurisdictions that are adjacent to the jurisdiction of the local housing and management authority involved.

TITLE VI—NATIONAL COMMISSION ON HOUSING ASSISTANCE PROGRAMS COST

SEC. 601. ESTABLISHMENT.

There is established a commission to be known as the National Commission on Housing Assistance Programs Cost (in this title referred to as the "Commission").

SEC. 602. MEMBERSHIP.

(a) APPOINTMENT.—The Commission shall be composed of 9 members, who shall be appointed not later than

90 days after the date of the enactment of this Act. The members shall be as follows:

(1) 3 members to be appointed by the Secretary of Housing and Urban Development;

(2) 3 members appointed by the Chairman and Ranking Minority Member of the Subcommittee on Housing Opportunity and Community Development of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Chairman and Ranking Minority Member of the Subcommittee on VA, HUD, and Independent Agencies of the Committee on Appropriations of the Senate; and

(3) 3 members appointed by the Chairman and Ranking Minority Member of the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services of the House of Representatives and the Chairman and Ranking Minority Member of the Subcommittee on VA, HUD, and Independent Agencies of the Committee on Appropriations of the House of Representatives.

(b) QUALIFICATIONS.—The 3 members of the Commission appointed under each of paragraphs (1), (2), and (3) of subsection (a)—

(1) shall all be experts in the field of accounting, economics, cost analysis, finance, or management; and

(2) shall include—

(A) 1 individual who is an elected public official at the State or local level;

(B) 1 individual who is a distinguished academic engaged in teaching or research;

(C) 1 individual who is a business leader, financial officer, management or accounting expert.

In selecting members of the Commission for appointment, the individuals appointing shall ensure that the members selected can analyze the Federal assisted housing programs (as such term is defined in section 604(a)) on an objective basis and that no member of the Commission has a personal financial or business interest in any such program.

SEC. 603. ORGANIZATION.

(a) CHAIRPERSON.—The Commission shall elect a chairperson from among members of the Commission.

(b) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number may hold hearings.

(c) VOTING.—Each member of the Commission shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Commission.

(d) VACANCIES.—Any vacancy on the Commission shall not affect its powers, but shall be filled in the manner in which the original appointment was made.

(e) PROHIBITION ON ADDITIONAL PAY.—Members of the Commission shall serve without compensation.

(f) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 604. FUNCTIONS.

(a) IN GENERAL.—The Commission shall —

(1) analyze the full cost to the Federal Government, public housing agencies, State and local governments, and other parties, per assisted household, of the Federal assisted housing programs, and shall conduct the analysis on a nationwide and regional basis and in a manner such that accurate per unit cost comparisons may be made between Federal assisted housing programs; and

(2) estimate the future liability that will be borne by taxpayers as a result of activities under the

Federal assisted housing programs before the date of the enactment of this Act.

(b) DEFINITION.—For purposes of this section, the term "Federal assisted housing programs" means—

(1) the public housing program under the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(2) the public housing program under title II of this Act;

(3) the certificate program for rental assistance under section 8(b)(1) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(4) the voucher program for rental assistance under section 8(o) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(5) the programs for project-based assistance under section 8 of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act);

(6) the rental assistance payments program under section 521(a)(2)(A) of the Housing Act of 1949;

(7) the program for housing for the elderly under section 202 of the Housing Act of 1959;

(8) the program for housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act;

(9) the program for financing housing by a loan or mortgage insured under section 221(d)(3) of the National Housing Act that bears interest at a rate determined under the proviso of section 221(d)(5) of such Act;

(10) the program under section 236 of the National Housing Act;

(11) the program for constructed or substantial rehabilitation under section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983; and

(12) any other program for housing assistance administered by the Secretary of Housing and Urban Development or the Secretary of Agriculture, under which occupancy in the housing assisted or housing assistance provided is based on income, as the Commission may determine.

(c) FINAL REPORT.—Not later than 18 months after the Commission is established pursuant to section 602(a), the Commission shall submit to the Secretary and to the

Congress a final report which shall contain the results of the analysis and estimates required under subsection (a).

(c) LIMITATION.—The Commission may not make any recommendations regarding Federal housing policy.

SEC. 605. POWERS.

(a) HEARINGS.—The Commission may, for the purpose of carrying out this title, hold such hearings and sit and act at such times and places as the Commission may find advisable.

(b) 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.

(c) ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION.—The Commission may request from any department or agency of the United States, and such department or agency shall provide to the Commission in a timely fashion, such data and information as the Commission may require for carrying out this title, including—

(A) local housing management plans submitted to the Secretary of Housing and Urban Development under section 107;

(B) block grant contracts under title II;

(C) contracts under section 302 for assistance amounts under title III; and

(D) audits submitted to the Secretary of Housing and Urban Development under section 432.

(2) ADMINISTRATIVE SUPPORT.—The General Services Administration shall provide to the Commission, on a reimbursable basis, such administrative support services as the Commission may request.

(3) PERSONNEL DETAILS AND TECHNICAL ASSISTANCE.—Upon the request of the chairperson of the Commission, the Secretary of Housing and Urban Development shall, to the extent possible and subject to the discretion of the Secretary—

(A) 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 title; and

(B) provide the Commission with technical assistance in carrying out its duties under this title.

(d) INFORMATION FROM LOCAL HOUSING AND MANAGEMENT AUTHORITIES.—The Commission shall have access, for the purpose of carrying out its functions under this

title, to any books, documents, papers, and records of a local housing and management authority that are pertinent to this Act and assistance received pursuant to this Act.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(f) CONTRACTING.—The Commission may, to the extent and in such amounts as are provided in appropriations Acts, enter into contracts necessary to carry out its duties under this title.

(g) STAFF.—

(1) 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 shall not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(2) PERSONNEL.—In addition to the executive director, the Commission may appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(3) LIMITATION.—Paragraphs (1) and (2) shall be effective only to the extent and in such amounts as are provided in appropriations Acts.

(4) SELECTION CRITERIA.—In appointing an executive director and staff, the Commission shall ensure that the individuals appointed can conduct any functions they may have regarding the Federal assisted housing programs (as such term is defined in section 604(a)) on an objective basis and that no such individual has a personal financial or business interest in any such program.

(h) ADVISORY COMMITTEE.—The Commission shall be considered an advisory committee within the meaning of the Federal Advisory Committee Act (5 U.S.C. App.).

SEC. 606. FUNDING.

Of any amounts made available for policy, research, and development activities of the Department of Housing and Urban Development, there shall be available for carrying out this title $750,000, for fiscal year 1997. Any such amounts so appropriated shall remain available until expended.

SEC. 607. SUNSET.

The Commission shall terminate upon the expiration of the 18-month period beginning upon the date that the Commission is established pursuant to section 602(a).

TITLE VII—NATIVE AMERICAN HOUSING ASSISTANCE

SECTION 701. SHORT TITLE.

This title may be cited as the "Native American Housing Assistance and Self-Determination Act of 1996".

SEC. 702. CONGRESSIONAL FINDINGS.

The Congress hereby finds that—

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

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

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

(C) by developing effective partnerships among the Federal Government, State and local governments, and private entities that allow government to accept responsibility for fostering the development of a healthy marketplace and allow

families to prosper without government involvement in their day-to-day activities;

(2) there exists a unique relationship between the Government of the United States and the governments of Indian tribes and a unique Federal responsibility to Indian people;

(3) the Constitution of the United States invests the Congress with plenary power over the field of Indian affairs, and through treaties, statutes, and historical relations with Indian tribes, the United States has undertaken a trust responsibility to protect Indian tribes;

(4) the Congress, through treaties, statutes, and the general course of dealing with Indian tribes, has assumed the responsibility for the protection and preservation of Indian tribes and for working with tribes and their members to improve their socio-economic status so that they are able to take greater responsibility for their own economic condition;

(5) providing affordable and healthy homes is an essential element in the special role of the United States in helping tribes and their members to achieve a socio-economic status comparable to their non-Indian neighbors;

(6) the need for affordable and healthy homes on Indian reservations, in Indian communities, and in Native Alaskan villages is acute and the Federal Government should work not only to provide housing assistance, but also, to the extent practicable, to assist in the development of private housing finance mechanisms on Indian lands to achieve the goals of economic self-sufficiency and self-determination for tribes and their members; and

(7) Federal assistance to meet these responsibilities should be provided in a manner that recognizes the right of tribal self-governance by making such assistance available directly to the tribes or tribally designated entities.

SEC. 703. ADMINISTRATION THROUGH OFFICE OF NATIVE AMERICAN PROGRAMS.

The Secretary of Housing and Urban Development shall carry out this title through the Office of Native American Programs of the Department of Housing and Urban Development.

SEC. 704. DEFINITIONS.

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

(1) AFFORDABLE HOUSING.—The term "affordable housing" means housing that complies with the

requirements for affordable housing under subtitle B. The term includes permanent housing for homeless persons who are persons with disabilities, transitional housing, and single room occupancy housing.

(2) FAMILIES AND PERSONS.—

(A) SINGLE PERSONS.—The term "families" includes families consisting of a single person in the case of (i) an elderly person, (ii) a disabled person, (iii) a displaced person, (iv) the remaining members of a tenant family, and (v) any other single persons.

(B) FAMILIES.—The term "families" includes families with children and, in the cases of elderly families, near-elderly families, and disabled families, means families whose heads (or their spouses), or whose sole members, are elderly, near-elderly, or persons with disabilities, respectively. The term includes, in the cases of elderly families, near-elderly families, and disabled families, 2 or more elderly persons, near-elderly persons, or persons with disabilities living together, and 1 or more such persons living with 1 or more persons determined under the regulations of the Secretary to be essential to their care or well-being.

(C) ABSENCE OF CHILDREN.—The temporary absence of a child from the home due to placement in foster care shall not be considered in determining family composition and family size for purposes of this title.

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

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

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

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

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

Such term shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

(F) DISPLACED PERSON.—The term "displaced person" means a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

(G) NEAR-ELDERLY PERSON.—The term "near-elderly person" means a person who is at least 50 years of age but below the age of 62.

(3) GRANT BENEFICIARY.—The term "grant beneficiary" means the Indian tribe or tribes on behalf of which a grant is made under this title to a recipient.

(4) INDIAN.—The term "Indian" means any person who is a member of an Indian tribe.

(5) INDIAN AREA.—The term "Indian area" means the area within which a tribally designated housing entity is authorized to provide assistance under this title for affordable housing.

(6) INDIAN TRIBE.—The term "Indian tribe" means—

(A) any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act of 1975; and

(B) any tribe, band, nation, pueblo, village, or community that—

(i) has been recognized as an Indian tribe by any State; and

(ii) for which an Indian housing authority is eligible, on the date of the enactment of this title, to enter into a contract with the Secretary pursuant to the United States Housing Act of 1937.

(7) LOCAL HOUSING PLAN.—The term "local housing plan" means a plan under section 712.

(8) LOW-INCOME FAMILY.—The term "low-income family" means a family whose income does not exceed 80 percent of the median income for the area, except that the Secretary may, for purposes of this

paragraph, establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the authority's findings that such variations are necessary because of unusually high or low family incomes.

(9) MEDIAN INCOME.—The term "median income" means, with respect to an area that is an Indian area, the greater of—

(A) the median income for the Indian area, which the Secretary shall determine; or

(B) the median income for the United States.

(10) RECIPIENT.—The term "recipient" means the entity for an Indian tribe that is authorized to receive grant amounts under this title on behalf of the tribe, which may only be the tribe or the tribally designated housing entity for the tribe.

(11) TRIBALLY DESIGNATED HOUSING ENTITY.—The terms "tribally designated housing entity" and "housing entity" have the following meaning:

(A) EXISTING IHA'S.—For any Indian tribe that has not taken action under subparagraph (B) and for which an Indian housing authority—

(i) was established for purposes of the United States Housing Act of 1937 before the date of the enactment of this title that meets the requirements under the United States Housing Act of 1937,

(ii) is acting upon such date of enactment as the Indian housing authority for the tribe, and

(iii) is not an Indian tribe for purposes of this title,

the terms mean such Indian housing authority.

(B) OTHER ENTITIES.—For any Indian tribe that, pursuant to this Act, authorizes an entity other than the tribal government to receive grant amounts and provide assistance under this title for affordable housing for Indians, which entity is established—

(i) by exercise of the power of self-government of an Indian tribe independent of State law, or

(ii) by operation of State law providing specifically for housing authorities or housing entities for Indians, including regional housing authorities in the State of Alaska,

the terms mean such entity.

A tribally designated housing entity may be authorized or established by one or more Indian tribes to act on behalf of each such tribe authorizing or establishing the housing entity. Nothing in this title may be construed to affect the existence, or the ability to operate, of any Indian housing authority established before the date of the enactment of this title by a State-recognized tribe, band, nation, pueblo, village, or community of Indian or Alaska Natives that is not an Indian tribe for purposes of this title.

(12) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development, except as otherwise specified in this title.

Subtitle A—Block Grants and Grant Requirements

SEC. 711. BLOCK GRANTS.

(a) AUTHORITY.—For each fiscal year, the Secretary shall (to the extent amounts are made available to carry out this title) make grants under this section on behalf of Indian tribes to carry out affordable housing activities. Under such a grant on behalf of an Indian tribe, the Secretary shall provide the grant amounts for the tribe directly to the recipient for the tribe.

(b) CONDITION OF GRANT.—

(1) IN GENERAL.—The Secretary may make a grant under this title on behalf of an Indian tribe for a fiscal year only if—

(A) the Indian tribe has submitted to the Secretary a local housing plan for such fiscal year under section 712; and

(B) the plan has been determined under section 713 to comply with the requirements of section 712.

(2) WAIVER.—The Secretary may waive the applicability of the requirements under paragraph (1), in whole or in part, if the Secretary finds that an Indian tribe has not complied or can not complied with such requirements because of circumstances beyond the control of the tribe.

(c) AMOUNT.—Except as otherwise provided under subtitle B, the amount of a grant under this section to a recipient for a fiscal year shall be—

(1) in the case of a recipient whose grant beneficiary is a single Indian tribe, the amount of the allocation under section 741 for the Indian tribe; and

(2) in the case of a recipient whose grant beneficiary is more than 1 Indian tribe, the sum of the amounts of the allocations under section 741 for each such Indian tribe.

(d) USE FOR AFFORDABLE HOUSING ACTIVITIES.—Except as provided in subsection (f), amounts provided under a grant under this section may be used only for affordable housing activities under subtitle B.

(e) EFFECTUATION OF LHP.—Except as provided in subsection (f), amounts provided under a grant under this section may be used only for affordable housing activities that are consistent with the approved local housing plan under section 713 for the grant beneficiary on whose behalf the grant is made.

(f) ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.—The Secretary shall, by regulation, authorize each recipient to use a percentage of any grant amounts received under this title for any administrative and planning expenses of the recipient relating to carrying out this title and activities assisted with such amounts, which may include costs for salaries of individuals engaged in administering and managing affordable housing activities assisted with grant amounts provided under this title and expenses of preparing a local housing plan under section 712.

(2) CONTENTS OF REGULATIONS.—The regulations referred to in paragraph (1) shall provide that—

(A) the Secretary shall, for each recipient, establish a percentage referred to in paragraph (1) based on the specific circumstances of the recipient and the tribes served by the recipient; and

(B) the Secretary may review the percentage for a recipient upon the written request of the recipient specifying the need for such review or the initiative of the Secretary and, pursuant to such review, may revise the percentage established for the recipient.

(g) PUBLIC-PRIVATE PARTNERSHIPS.—Each recipient shall make all reasonable efforts, consistent with the purposes of this title, to maximize participation by the private sector, including nonprofit organizations and for-profit entities, in implementing the approved local housing plan for the tribe that is the grant beneficiary.

SEC. 712. LOCAL HOUSING PLANS.

(a) IN GENERAL.—

(1) SUBMISSION.—The Secretary shall provide for an Indian tribe to submit to the Secretary, for each fiscal year, a local housing plan under this section for the tribe (or for the tribally designated housing entity for a tribe to submit the plan under sub-

section (e) for the tribe) and for the review of such plans.

(2) LOCALLY DRIVEN NATIONAL OBJECTIVES.—A local housing plan shall describe—

(A) the mission of the tribe with respect to affordable housing or, in the case of a recipient that is a tribally designated housing entity, the mission of the housing entity;

(B) the goals, objectives, and policies of the recipient to meet the housing needs of low-income families in the jurisdiction of the housing entity, which shall be designed to achieve the national objectives under section 721(a); and

(C) how the locally established mission and policies of the recipient are designed to achieve, and are consistent with, the national objectives under section 721(a).

(b) 5-YEAR PLAN.—Each local housing plan under this section for an Indian tribe shall contain, with respect to the 5-year period beginning with the fiscal year for which the plan is submitted, the following information:

(1) LOCALLY DRIVEN NATIONAL OBJECTIVES.—The information described in subsection (a)(2).

(2) CAPITAL IMPROVEMENT OVERVIEW.—If the recipient will provide capital improvements for hous-

ing described in subsection (c)(3) during such period, an overview of such improvements, the rationale for such improvements, and an analysis of how such improvements will enable the recipient to meet its goals, objectives, and mission.

(c) 1-YEAR PLAN.—A local housing plan under this section for an Indian tribe shall contain the following information relating to the upcoming fiscal year for which the assistance under this title is to be made available:

(1) FINANCIAL RESOURCES.—An operating budget for the recipient for the tribe that includes—

(A) identification and a description of the financial resources reasonably available to the recipient to carry out the purposes of this title, including an explanation of how amounts made available will leverage such additional resources; and

(B) the uses to which such resources will be committed, including eligible and required affordable housing activities under subtitle B to be assisted and administrative expenses.

(2) AFFORDABLE HOUSING.—For the jurisdiction within which the recipient is authorized to use assistance under this title—

(A) a description of the estimated housing needs and the need for assistance for very low-income and moderate-income families;

(B) a description of the significant characteristics of the housing market, indicating how such characteristics will influence the use of amounts made available under this title for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units;

(C) an description of the structure, means of cooperation, and coordination between the recipient and any units of general local government in the development, submission, and implementation of their housing plans, including a description of the involvement of any private industries, nonprofit organizations, and public institutions;

(D) a description of how the plan will address the housing needs identified pursuant to subparagraph (A), describing the reasons for allocation priorities, and identify any obstacles to addressing underserved needs;

(E) a description of any homeownership programs of the recipient to be carried out with respect to affordable housing assisted under this

title and the requirements and assistance available under such programs;

(F) a certification that the recipient will maintain written records of the standards and procedures under which the recipient will monitor activities assisted under this title and ensure long-term compliance with the provisions of this title;

(G) a certification that the recipient will comply with title II of the Civil Rights Act of 1968 in carrying out this title, to the extent that such title is applicable;

(H) a statement of the number of families for whom the recipient will provide affordable housing using grant amounts provided under this title;

(I) a statement of how the goals, programs, and policies for producing and preserving affordable housing will be coordinated with other programs and services for which the recipient is responsible and the extent to which they will reduce (or assist in reducing) the number of households with incomes below the poverty line; and

(J) a certification that the recipient has obtain insurance coverage for any housing units

that are owned or operated by the tribe or the tribally designated housing entity for the tribe and assisted with amounts provided under this Act, in compliance with such requirements as the Secretary may establish.

(3) INDIAN HOUSING DEVELOPED UNDER UNITED STATES HOUSING ACT OF 1937.—A plan describing how the recipient for the tribe will comply with the requirements under section 723 relating to low-income housing owned or operated by the housing entity that was developed pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937, which shall include—

(A) a certification that the recipient will maintain a written record of the policies of the recipient governing eligibility, admissions, and occupancy of families with respect to dwelling units in such housing;

(B) a certification that the recipient will maintain a written record of policies of the recipient governing rents charged for dwelling units in such housing, including—

(i) the methods by which such rents are determined; and

(ii) an analysis of how such methods affect—

(I) the ability of the recipient to provide affordable housing for low-income families having a broad range of incomes;

(II) the affordability of housing for families having incomes that do not exceed 30 percent of the median family income for the area; and

(III) the availability of other financial resources to the recipient for use for such housing;

(C) a certification that the recipient will maintain a written record of the standards and policies of the recipient governing maintenance and management of such housing, and management of the recipient with respect to administration of such housing, including—

(i) housing quality standards;

(ii) routine and preventative maintenance policies;

(iii) emergency and disaster plans;

(iv) rent collection and security policies;

(v) priorities and improvements for management of the housing; and

(vi) priorities and improvements for management of the recipient, including improvement of electronic information systems to facilitate managerial capacity and efficiency;

(D) a plan describing—

(i) the capital improvements necessary to ensure long-term physical and social viability of such housing; and

(ii) the priorities of the recipient for capital improvements of such housing based on analysis of available financial resources, consultation with residents, and health and safety considerations;

(E) a description of any such housing to be demolished or disposed of, a timetable for such demolition or disposition, and any information required under law with respect to such demolition or disposition;

(F) a description of how the recipient will coordinate with tribal and State welfare agencies to ensure that residents of such housing will be provided with access to resources to assist in ob-

taining employment and achieving self-sufficiency; and

(G) a description of the requirements established by the recipient that promote the safety of residents of such housing, facilitate the housing entity undertaking crime prevention measures (such as community policing, where appropriate), allow resident input and involvement, and allow for creative methods to increase resident safety by coordinating crime prevention efforts between the recipient and tribal or local law enforcement officials.

(4) INDIAN HOUSING LOAN GUARANTEES AND OTHER HOUSING ASSISTANCE.—A description of how loan guarantees under section 184 of the Housing and Community Development Act of 1992, and other housing assistance provided by the Federal Government for Indian tribes (including grants, loans, and mortgage insurance) will be used to help in meeting the needs for affordable housing in the jurisdiction of the recipient.

(5) DISTRIBUTION OF ASSISTANCE.—A certification that the recipient for the tribe will maintain a written record of—

(A) the geographical distribution (within the jurisdiction of the recipient) of the use of grant amounts and how such geographical distribution is consistent with the geographical distribution of housing need (within such jurisdiction); and

(B) the distribution of the use of such assistance for various categories of housing and how use for such various categories is consistent with the priorities of housing need (within the jurisdiction of the recipient).

(d) PARTICIPATION OF TRIBALLY DESIGNATED HOUSING ENTITY.—A plan under this section for an Indian tribe may be prepared and submitted on behalf of the tribe by the tribally designated housing entity for the tribe, but only if such plan contains a certification by the recognized tribal government of the grant beneficiary that such tribe has had an opportunity to review the plan and has authorized the submission of the plan by the housing entity.

(e) COORDINATION OF PLANS.—A plan under this section may cover more than 1 Indian tribe, but only if the certification requirements under subsection (d) are complied with by each such grant beneficiary covered.

(f) PLANS FOR SMALL TRIBES.—

(1) SEPARATE REQUIREMENTS.—The Secretary shall establish requirements for submission of plans under this section and the information to be included in such plans applicable to small Indian tribes and small tribally designated housing entities. Such requirements shall waive any requirements under this section that the Secretary determines are burdensome or unnecessary for such tribes and housing entities.

(2) SMALL TRIBES.—The Secretary shall define small Indian tribes and small tribally designated housing entities based on the number of dwelling units assisted under this subtitle by the tribe or housing entity or owned or operated pursuant to a contract under the United States Housing Act of 1937 between the Secretary and the Indian housing authority for the tribe.

(g) REGULATIONS.—The requirements relating to the contents of plans under this section shall be established by regulation, pursuant to section 716.

SEC. 713. REVIEW OF PLANS.

(a) REVIEW AND NOTICE.—

(1) REVIEW.—The Secretary shall conduct a limited review of each local housing plan submitted to the Secretary to ensure that the plan complies with the requirements of section 712. The Secretary shall

have the discretion to review a plan only to the extent that the Secretary considers review is necessary.

(2) NOTICE.—The Secretary shall notify each Indian tribe for which a plan is submitted and any tribally designated housing entity for the tribe whether the plan complies with such requirements not later than 45 days after receiving the plan. If the Secretary does not notify the Indian tribe, as required under this subsection and subsection (b), the plan shall be considered, for purposes of this title, to have been determined to comply with the requirements under section 712 and the tribe shall be considered to have been notified of compliance upon the expiration of such 45-day period.

(b) NOTICE OF REASONS FOR DETERMINATION OF NONCOMPLIANCE.—If the Secretary determines that a plan, as submitted, does not comply with the requirements under section 712, the Secretary shall specify in the notice under subsection (a) the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 712.

(c) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan does not comply with the requirements under section 712 only if—

(1) the plan is not consistent with the national objectives under section 721(a);

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

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

(4) the Secretary determines that the plan violates the purposes of this title because it fails to provide affordable housing that will be viable on a long-term basis at a reasonable cost; or

(5) the plan fails to adequately identify the capital improvement needs for low-income housing owned or operated by the Indian tribe that was developed pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937.

(d) TREATMENT OF EXISTING PLANS.—Notwithstanding any other provision of this title, a plan shall be considered to have been submitted for an Indian tribe if the appropriate Indian housing authority has submitted to the Secretary a comprehensive plan under section 14(e) of the United States Housing Act of 1937 (as in effect immediately before the enactment of this title) or under the comprehensive improvement assistance program under such sec-

tion 14, and the Secretary has approved such plan, before January 1, 1997. The Secretary shall provide specific procedures and requirements for such tribes to amend such plans by submitting only such additional information as is necessary to comply with the requirements of section 712.

(e) UPDATES TO PLAN.—After a plan under section 712 has been submitted for an Indian tribe for any fiscal year, the tribe may comply with the provisions of such section for any succeeding fiscal year (with respect to information included for the 5-year period under section 712(b) or the 1-year period under section 712(c)) by submitting only such information regarding such changes as may be necessary to update the plan previously submitted.

SEC. 714. TREATMENT OF PROGRAM INCOME AND LABOR STANDARDS.

(a) PROGRAM INCOME.—

(1) AUTHORITY TO RETAIN.—Notwithstanding any other provision of law, a recipient may retain any program income that is realized from any grant amounts under this title if—

(A) such income was realized after the initial disbursement of the grant amounts received by the recipient; and

(B) the recipient has agreed that it will utilize the program income for affordable housing

activities in accordance with the provisions of this title.

(2) PROHIBITION OF REDUCTION OF GRANT.—The Secretary may not reduce the grant amount for any Indian tribe based solely on (1) whether the recipient for the tribe retains program income under paragraph (1), or (2) the amount of any such program income retained.

(3) EXCLUSION OF AMOUNTS.—The Secretary may, by regulation, exclude from consideration as program income any amounts determined to be so small that compliance with the requirements of this subsection would create an unreasonable administrative burden on the recipient.

(b)(1) IN GENERAL.—Any contract for the construction of affordable housing with 12 or more units assisted with grant amounts made available under this Act shall contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a—276a–5), shall be paid to all laborers and mechanics employed in the development of affordable housing involved, and recipients shall require certification as to the compliance with the provisions of this section prior to making any payment under such contract.

(2) EXCEPTIONS.—Subsection (a) shall not apply if the individual receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and such persons are not otherwise employed at any time in the construction work.

(3) WAIVER.—The Secretary may waive the provisions of this subsection.

SEC. 715. ENVIRONMENTAL REVIEW.

(a) IN GENERAL.—In order to ensure that the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act (as specified in regulations issued by the Secretary) are most effectively implemented in connection with the expenditure of grant amounts provided under this title, and to ensure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of amounts for particular projects to recipients of assistance under this title who assume all of the responsibilities for environmental review, decision-making, and action pursuant to such Act, and such other provisions of law as the regulations of the Secretary specify, that would apply to the Secretary were the Secretary to undertake such projects as Federal projects. The Secretary

shall issue regulations to carry out this section only after consultation with the Council on Environmental Quality. The regulations shall provide—

(1) for the monitoring of the environmental reviews performed under this section;

(2) in the discretion of the Secretary, to facilitate training for the performance of such reviews; and

(3) for the suspension or termination of the assumption of responsibilities under this section.

The Secretary's duty under the preceding sentence shall not be construed to limit or reduce any responsibility assumed by a recipient of grant amounts with respect to any particular release of funds.

(b) PROCEDURE.—The Secretary shall approve the release of funds subject to the procedures authorized by this section only if, at least 15 days prior to such approval and prior to any commitment of funds to such projects the recipient of grant amounts has submitted to the Secretary a request for such release accompanied by a certification which meets the requirements of subsection (c). The Secretary's approval of any such certification shall be deemed to satisfy the Secretary's responsibilities under the National Environmental Policy Act of 1969 and such other provisions of law as the regulations of the Secretary specify insofar as those responsibilities relate to the releases of funds for projects

to be carried out pursuant thereto which are covered by such certification.

(c) CERTIFICATION.—A certification under the procedures authorized by this section shall—

(1) be in a form acceptable to the Secretary,

(2) be executed by the chief executive officer or other officer of the recipient of assistance under this title qualified under regulations of the Secretary,

(3) specify that the recipient has fully carried out its responsibilities as described under subsection (a), and

(4) specify that the certifying officer (A) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 and each provision of law specified in regulations issued by the Secretary insofar as the provisions of such Act or such other provisions of law apply pursuant to subsection (a), and (B) is authorized and consents on behalf of the recipient of assistance and such officer to accept the jurisdiction of the Federal courts for the purpose of enforcement of the certifying officer's responsibilities as such an official.

SEC. 716. REGULATIONS.

(a) INTERIM REQUIREMENTS.—Not later than 90 days after the date of the enactment of this title, the Secretary

shall, by notice issued in the Federal Register, establish any requirements necessary to carry out this title in the manner provided in section 717(b), which shall be effective only for fiscal year 1997. The notice shall invite public comments regarding such interim requirements and final regulations to carry out this title and shall include general notice of proposed rulemaking (for purposes of section 564(a) of title 5, United States Code) of the final regulations under paragraph (2).

(b) FINAL REGULATIONS.—

(1) TIMING.—The Secretary shall issue final regulations necessary to carry out this title not later than September 1, 1997, and such regulations shall take effect not later than the effective date under section 717(a).

(2) NEGOTIATED RULEMAKING.—Notwithstanding sections 563(a) and 565(a) of title 5, United States Code, the final regulations required under paragraph (1) shall be issued according to a negotiated rulemaking procedure under subchapter III of chapter 5 of title 5, United States Code. The Secretary shall establish a negotiated rulemaking committee for development of any such proposed regulations, which shall include representatives of Indian tribes.

SEC. 717. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b) and as otherwise specifically provided in this title, this title shall take effect on October 1, 1997.

(b) INTERIM APPLICABILITY.—For fiscal year 1997, this title shall apply to any Indian tribe that requests the Secretary to apply this title to such tribe, subject to the provisions of this subsection, but only if the Secretary determines that the tribe has the capacity to carry out the responsibilities under this title during such fiscal year. For fiscal year 1997, this title shall apply to any such tribe subject to the following limitations:

(1) USE OF ASSISTANCE AMOUNTS AS BLOCK GRANT.—Amounts shall not be made available pursuant to this title for grants under this title for such fiscal year, but any amounts made available for the tribe under the United States Housing Act of 1937, title II or subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, title IV of the Stewart B. McKinney Homeless Assistance Act, or section 2 of the HUD Demonstration Act of 1993 shall be considered grant amounts under this title and shall be used subject to the provisions of this title relating to such grant amounts.

(2) LOCAL HOUSING PLAN.—Notwithstanding section 713 of this title, a local housing plan shall be

considered to have been submitted for the tribe for fiscal year 1997 for purposes of this title only if—

(A) the appropriate Indian housing authority has submitted to the Secretary a comprehensive plan under section 14(e) of the United States Housing Act of 1937 or under the comprehensive improvement assistance program under such section 14;

(B) the Secretary has approved such plan before January 1, 1996; and

(C) the tribe complies with specific procedures and requirements for amending such plan as the Secretary may establish to carry out this subsection.

(c) ASSISTANCE UNDER EXISTING PROGRAM DURING FISCAL YEAR 1997.—Notwithstanding the repeal of any provision of law under section 501(a) and with respect only to Indian tribes not provided assistance pursuant to subsection (b), during fiscal year 1997—

(1) the Secretary shall carry out programs to provide low-income housing assistance on Indian reservations and other Indian areas in accordance with the provisions of title II of the United States Housing Act of 1937 and related provisions of law, as in effect immediately before the enactment of this Act;

(2) except to the extent otherwise provided in the provisions of such title II (as so in effect), the provisions of title I of such Act (as so in effect) and such related provisions of law shall apply to low-income housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority; and

(3) none of the provisions of title I, II, III, or IV, or of any other law specifically modifying the public housing program that is enacted after the date of the enactment of this Act, shall apply to public housing operated pursuant to a contract between the Secretary and an Indian housing authority, unless the provision explicitly provides for such applicability.

SEC. 718. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for grants under subtitle A $650,000,000, for each of fiscal years 1998, 1999, 2000, and 2001.

Subtitle B—Affordable Housing Activities

SEC. 721. NATIONAL OBJECTIVES AND ELIGIBLE FAMILIES.

(a) PRIMARY OBJECTIVE.—The national objectives of this title are—

(1) to assist and promote affordable housing activities to develop, maintain, and operate safe, clean, and healthy affordable housing on Indian reservations and in other Indian areas for occupancy by low-income Indian families;

(2) to ensure better access to private mortgage markets for Indian tribes and their members and to promote self-sufficiency of Indian tribes and their members;

(3) to coordinate activities to provide housing for Indian tribes and their members with Federal, State, and local activities to further economic and community development for Indian tribes and their members;

(4) to plan for and integrate infrastructure resources for Indian tribes with housing development for tribes; and

(5) to promote the development of private capital markets in Indian country and to allow such markets to operate and grow, thereby benefiting Indian communities.

(b) ELIGIBLE FAMILIES.—

(1) IN GENERAL.—Except as provided under paragraph (2), assistance under eligible housing activities under this title shall be limited to low-income

Indian families on Indian reservations and other Indian areas.

(2) EXCEPTION TO LOW-INCOME REQUIREMENT.—A recipient may provide assistance for model activities under section 722(6) to families who are not low-income families, if the Secretary approves the activities pursuant to such subsection because there is a need for housing for such families that cannot reasonably be met without such assistance. The Secretary shall establish limits on the amount of assistance that may be provided under this title for activities for families who are not low-income families.

(3) NON-INDIAN FAMILIES.—A recipient may provide housing or housing assistance provided through affordable housing activities assisted with grant amounts under this title for a non-Indian family on an Indian reservation or other Indian area if the recipient determines that the presence of the family on the Indian reservation or other Indian area is essential to the well-being of Indian families and the need for housing for the family cannot reasonably be met without such assistance.

(4) PREFERENCE FOR INDIAN FAMILIES.—The local housing plan for an Indian tribe may require preference, for housing or housing assistance provided

through affordable housing activities assisted with grant amounts provided under this title on behalf of such tribe, to be given (to the extent practicable) to Indian families who are members of such tribe, or to other Indian families. In any case in which the applicable local housing plan for an Indian tribe provides for preference under this subsection, the recipient for the tribe shall ensure that housing activities that are assisted with grant amounts under this title for such tribe are subject to such preference.

(5) EXEMPTION.—Title VI of the Civil Rights Act of 1964 and title VIII of the Civil Rights Act of 1968 shall not apply to actions by Indian tribes under this subsection.

SEC. 722. ELIGIBLE AFFORDABLE HOUSING ACTIVITIES.

Affordable housing activities under this subtitle are activities, in accordance with the requirements of this subtitle, to develop or to support affordable housing for rental or homeownership, or to provide housing services with respect to affordable housing, through the following activities:

(1) INDIAN HOUSING ASSISTANCE.—The provision of modernization or operating assistance for housing previously developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

(2) DEVELOPMENT.—The acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing, which may include real property acquisition, site improvement, development of utilities and utility services, conversion, demolition, financing, administration and planning, and other related activities.

(3) HOUSING SERVICES.—The provision of housing-related services for affordable housing, such as housing counseling in connection with rental or homeownership assistance, energy auditing, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in other housing activities assisted pursuant to this section.

(4) HOUSING MANAGEMENT SERVICES.—The provision of management services for affordable housing, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and management of affordable housing projects.

(5) CRIME PREVENTION AND SAFETY ACTIVITIES.—The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of affordable housing from crime.

(6) MODEL ACTIVITIES.—Housing activities under model programs that are designed to carry out the purposes of this title and are specifically approved by the Secretary as appropriate for such purpose.

SEC. 723. REQUIRED AFFORDABLE HOUSING ACTIVITIES.

(a) MAINTENANCE OF OPERATING ASSISTANCE FOR INDIAN HOUSING.—Any recipient who owns or operates (or is responsible for funding any entity that owns or operates) housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937 shall, using amounts of any grants received under this title, reserve and use for operating assistance under section 722(1) such amounts as may be necessary to provide for the continued maintenance and efficient operation of such housing.

(b) DEMOLITION AND DISPOSITION.—This title may not be construed to prevent any recipient (or entity funded by a recipient) from demolishing or disposing of Indian housing referred to in such subsection. Notwithstanding section 116, section 261 shall apply to the demolition or disposition of Indian housing referred to in subsection (a).

SEC. 724. TYPES OF INVESTMENTS.

(a) IN GENERAL.—Subject to section 723 and the local housing plan for an Indian tribe, the recipient for such tribe shall have—

(1) the discretion to use grant amounts for affordable housing activities through equity investments, interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies, leveraging of private investments under subsection (b), or any other form of assistance that the Secretary has determined to be consistent with the purposes of this title; and

(2) the right to establish the terms of assistance.

(b) LEVERAGING PRIVATE INVESTMENT.—A recipient may leverage private investments in affordable housing activities by pledging existing or future grant amounts to assure the repayment of notes and other obligations of the recipient issued for purposes of carrying out affordable housing activities.

SEC. 725. LOW-INCOME REQUIREMENT AND INCOME TARGETING.

Housing shall qualify as affordable housing for purposes of this title only if—

(1) each dwelling unit in the housing—

(A) in the case of rental housing, is made available for occupancy only by a family that is a low-income family at the time of their initial occupancy of such unit; and

(B) in the case of housing for homeownership, is made available for purchase only by a family that is a low-income family at the time of purchase; and

(2) except for housing assisted under section 202 of the United States Housing Act of 1937 (as in effect before the enactment of this Act), each dwelling unit in the housing will remain affordable, according to binding commitments satisfactory to the Secretary, for the remaining useful life of the property (as determined by the Secretary) without regard to the term of the mortgage or to transfer of ownership, or for such other period that the Secretary determines is the longest feasible period of time consistent with sound economics and the purposes of this title, except upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action (A) recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure, and (B) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary.

SEC. 726. CERTIFICATION OF COMPLIANCE WITH SUBSIDY LAYERING REQUIREMENTS.

With respect to housing assisted with grant amounts provided under this title, the requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 shall be considered to be satisfied upon certification by the recipient of the assistance to the Secretary that the combination of Federal assistance provided to any housing project is not any more than is necessary to provide affordable housing.

SEC. 727. LEASE REQUIREMENTS AND TENANT SELECTION.

(a) LEASES.—Except to the extent otherwise provided by or inconsistent with tribal law, in renting dwelling units in affordable housing assisted with grant amounts provided under this title, the owner or manager of the housing shall utilize leases that—

(1) do not contain unreasonable terms and conditions;

(2) require the owner or manager to maintain the housing in compliance with applicable housing codes and quality standards;

(3) require the owner or manager to give adequate written notice of termination of the lease, which shall not be less than—

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

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

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

(4) require that the owner or manager may not terminate the tenancy except for violation of the terms or conditions of the lease, violation of applicable Federal, tribal, State, or local law, or for other good cause; and

(5) provide that the owner or manager may terminate the tenancy of a resident for any activity, engaged in by the resident, any member of the resident's household, or any guest or other person under the resident's control, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other residents or employees of the owner or manager of the housing;

(B) threatens the health or safety of, or right to peaceful enjoyment of their premises by, persons residing in the immediate vicinity of the premises; or

(C) is criminal activity (including drug-related criminal activity).

(b) TENANT SELECTION.—The owner or manager of affordable rental housing assisted under with grant amounts provided under this title shall adopt and utilize written tenant selection policies and criteria that—

(1) are consistent with the purpose of providing housing for low-income families;

(2) are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease; and

(3) provide for (A) the selection of tenants from a written waiting list in accordance with the policies and goals set forth in the local housing plan for the tribe that is the grant beneficiary of such grant amounts, and (B) the prompt notification in writing of any rejected applicant of the grounds for any rejection.

SEC. 728. REPAYMENT.

If a recipient uses grant amounts to provide affordable housing under activities under this subtitle and, at any

time during the useful life of the housing the housing does not comply with the requirement under section 725(a)(2), the Secretary shall reduce future grant payments on behalf of the grant beneficiary by an amount equal to the grant amounts used for such housing (under the authority under section 751(a)(2)) or require repayment to the Secretary of an amount equal to such grant amounts.

SEC. 729. CONTINUED USE OF AMOUNTS FOR AFFORDABLE HOUSING.

Any funds for programs for low-income housing under the United States Housing Act of 1937 that, on the date of the applicability of this title to an Indian tribe, are owned by, or in the possession or under the control of, the Indian housing authority for the tribe, including all reserves not otherwise obligated, shall be considered assistance under this title and subject to the provisions of this title relating to use of such assistance.

Subtitle C—Allocation of Grant Amounts

SEC. 741. ANNUAL ALLOCATION.

For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this title for the fiscal year, in accordance with the formula established pursuant to section 742, among Indian tribes that comply

with the requirements under this title for a grant under this title.

SEC. 742. ALLOCATION FORMULA.

The Secretary shall, by regulations issued in the manner provided under section 716, establish a formula to provide for allocating amounts available for a fiscal year for block grants under this title among Indian tribes. The formula shall be based on factors that reflect the need of the Indian tribes and the Indian areas of the tribes for assistance for affordable housing activities, including the following factors:

(1) The number of low-income housing dwelling units owned or operated at the time pursuant to a contract between an Indian housing authority for the tribe and the Secretary.

(2) The extent of poverty and economic distress within Indian areas of the tribe.

(3) Other objectively measurable conditions as the Secretary may specify.

The regulations establishing the formula shall be issued not later than the expiration of the 12-month period beginning on the date of the enactment of this title.

Subtitle D—Compliance, Audits, and Reports

SEC. 751. REMEDIES FOR NONCOMPLIANCE.

(a) ACTIONS BY SECRETARY AFFECTING GRANT AMOUNTS.—Except as provided in subsection (b), if the Secretary finds after reasonable notice and opportunity for hearing that a recipient of assistance under this title has failed to comply substantially with any provision of this title, the Secretary shall—

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

(2) reduce payments under this title to the recipient by an amount equal to the amount of such payments which were not expended in accordance with this title;

(3) limit the availability of payments under this title to programs, projects, or activities not affected by such failure to comply; or

(4) in the case of noncompliance described in section 752(b), provide a replacement tribally designated housing entity for the recipient, under section 752.

If the Secretary takes an action under paragraph (1), (2), or (3), the Secretary shall continue such action until the Secretary determines that the failure to comply has ceased.

(b) NONCOMPLIANCE BECAUSE OF TECHNICAL INCAPACITY.—If the Secretary makes a finding under subsection (a), but determines that the failure to comply substantially with the provisions of this title—

(1) is not a pattern or practice of activities constituting willful noncompliance, and

(2) is a result of the limited capability or capacity of the recipient,

the Secretary may provide technical assistance for the recipient (directly or indirectly) that is designed to increase the capability and capacity of the recipient to administer assistance provided under this title in compliance with the requirements under this title.

(c) REFERRAL FOR CIVIL ACTION.—

(1) AUTHORITY.—In lieu of, or in addition to, any action authorized by subsection (a), the Secretary may, if the Secretary has reason to believe that a recipient has failed to comply substantially with any provision of this title, refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted.

(2) CIVIL ACTION.—Upon such a referral, the Attorney General may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to

recover the amount of the assistance furnished under this title which was not expended in accordance with it, or for mandatory or injunctive relief.

(d) REVIEW.—

(1) IN GENERAL.—Any recipient who receives notice under subsection (a) of the termination, reduction, or limitation of payments under this title may, within 60 days after receiving such notice, file with the United States Court of Appeals for the circuit in which such State is located, or in the United States Court of Appeals for the District of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who shall represent the Secretary in the litigation.

(2) PROCEDURE.—The Secretary shall file in the court record of the proceeding on which the Secretary based the action, as provided in section 2112 of title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(3) DISPOSITION.—The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings

of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify the Secretary's findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and the Secretary shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also file the Secretary's recommendation, if any, for the modification or setting aside of the Secretary's original action.

(4) FINALITY.—Upon the filing of the record with the court, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that such judgment shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in section 1254 of title 28, United State Code.

SEC. 752. REPLACEMENT OF RECIPIENT.

(a) AUTHORITY.—As a condition of the Secretary making a grant under this title on behalf of an Indian tribe, the tribe shall agree that, notwithstanding any other provi-

sion of law, the Secretary may, only in the circumstances set forth in subsection (b), require that a replacement tribally designated housing entity serve as the recipient for the tribe, in accordance with subsection (c).

(b) CONDITIONS OF REMOVAL.—The Secretary may require such replacement tribally designated housing entity for a tribe only upon a determination by the Secretary on the record after opportunity for a hearing that the recipient for the tribe has engaged in a pattern or practice of activities that constitutes substantial or willful noncompliance with the requirements under this title.

(c) CHOICE AND TERM OF REPLACEMENT.—If the Secretary requires that a replacement tribally designated housing entity serve as the recipient for a tribe (or tribes)—

(1) the replacement entity shall be an entity mutually agreed upon by the Secretary and the tribe (or tribes) for which the recipient was authorized to act, except that if no such entity is agreed upon before the expiration of the 60-day period beginning upon the date that the Secretary makes the determination under subsection (b), the Secretary shall act as the replacement entity until agreement is reached upon a replacement entity; and

(2) the replacement entity (or the Secretary, as provided in paragraph (1)) shall act as the tribally

designated housing entity for the tribe (or tribes) for a period that expires upon—

(A) a date certain, which shall be specified by the Secretary upon making the determination under subsection (b); or

(B) the occurrence of specific conditions, which conditions shall be specified in written notice provided by the Secretary to the tribe upon making the determination under subsection (b).

SEC. 753. MONITORING OF COMPLIANCE.

(a) ENFORCEABLE AGREEMENTS.—Each recipient, through binding contractual agreements with owners and otherwise, shall ensure long-term compliance with the provisions of this title. Such measures shall provide for (1) enforcement of the provisions of this title by the grant beneficiary or by recipients and other intended beneficiaries, and (2) remedies for the breach of such provisions.

(b) PERIODIC MONITORING.—Not less frequently than annually, each recipient shall review the activities conducted and housing assisted under this title to assess compliance with the requirements of this title. Such review shall include on-site inspection of housing to determine compliance with applicable requirements. The results of each review shall be included in the performance report of the re-

cipient submitted to the Secretary under section 754 and made available to the public.

SEC. 754. PERFORMANCE REPORTS.

(a) REQUIREMENT.—For each fiscal year, each recipient shall—

(1) review the progress it has made during such fiscal year in carrying out the local housing plan (or plans) for the Indian tribes for which it administers grant amounts; and

(2) submit a report to the Secretary (in a form acceptable to the Secretary) describing the conclusions of the review.

(b) CONTENT.—Each report under this section for a fiscal year shall—

(1) describe the use of grant amounts provided to the recipient for such fiscal year;

(2) assess the relationship of such use to the goals identified in the local housing plan of the grant beneficiary;

(3) indicate the recipient's programmatic accomplishments; and

(4) describe how the recipient would change its programs as a result of its experiences.

(c) SUBMISSION.—The Secretary shall establish dates for submission of reports under this section, and review

such reports and make such recommendations as the Secretary considers appropriate to carry out the purposes of this title.

(d) PUBLIC AVAILABILITY.—A recipient preparing a report under this section shall make the report publicly available to the citizens in the recipient's jurisdiction in sufficient time to permit such citizens to comment on such report prior to its submission to the Secretary, and in such manner and at such times as the recipient may determine. The report shall include a summary of any comments received by the grant beneficiary or recipient from citizens in its jurisdiction regarding its program.

SEC. 755. REVIEW AND AUDIT BY SECRETARY.

(a) ANNUAL REVIEW.—The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

(1) whether the recipient has carried out its eligible activities in a timely manner, has carried out its eligible activities and certifications in accordance with the requirements and the primary objectives of this title and with other applicable laws, and has a continuing capacity to carry out those activities in a timely manner;

(2) whether the recipient has complied with the local housing plan of the grant beneficiary; and

(3) whether the performance reports under section 754 of the recipient are accurate.

Reviews under this section shall include, insofar as practicable, on-site visits by employees of the Department of Housing and Urban Development.

(b) REPORT BY SECRETARY.—The Secretary shall submit a written report to the Congress regarding each review under subsection (a). The Secretary shall give a recipient not less than 30 days to review and comment on a report under this subsection. After taking into consideration the comments of the recipient, the Secretary may revise the report and shall make the recipient's comments and the report, with any revisions, readily available to the public not later than 30 days after receipt of the recipient's comments.

(c) EFFECT OF REVIEWS.—The Secretary may make appropriate adjustments in the amount of the annual grants under this title in accordance with the Secretary's findings pursuant to reviews and audits under this section. The Secretary may adjust, reduce, or withdraw grant amounts, or take other action as appropriate in accordance with the Secretary's reviews and audits under this section, except that grant amounts already expended on affordable housing activities may not be recaptured or deducted from future assistance provided on behalf of an Indian tribe.

SEC. 756. GAO AUDITS.

To the extent that the financial transactions of Indian tribes and recipients of grant amounts under this title relate to amounts provided under this title, such transactions may be audited by the Comptroller General of the United States under such rules and regulations as may be prescribed by the Comptroller General. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such tribes and recipients pertaining to such financial transactions and necessary to facilitate the audit.

SEC. 757. REPORTS TO CONGRESS.

(a) IN GENERAL.—Not later than 90 days after the conclusion of each fiscal year in which assistance under this title is made available, the Secretary shall submit to the Congress a report that contains—

(1) a description of the progress made in accomplishing the objectives of this title; and

(2) a summary of the use of such funds during the preceding fiscal year.

(b) RELATED REPORTS.—The Secretary may require recipients of grant amounts under this title to submit to the Secretary such reports and other information as may be necessary in order for the Secretary to make the report required by subsection (a).

Subtitle E—Termination of Assistance for Indian Tribes under Incorporated Programs

SEC. 761. TERMINATION OF INDIAN PUBLIC HOUSING ASSISTANCE UNDER UNITED STATES HOUSING ACT OF 1937.

(a) IN GENERAL.—After September 30, 1997, financial assistance may not be provided under the United States Housing Act of 1937 or pursuant to any commitment entered into under such Act, for Indian housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority, unless such assistance is provided from amounts made available for fiscal year 1997 and pursuant to a commitment entered into before September 30, 1997.

(b) TERMINATION OF RESTRICTIONS ON USE OF INDIAN HOUSING.—Except as provided in section 723(b) of this title, any housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937 shall not be subject to any provision of such Act or any annual contributions contract or other agreement pursuant to such Act, but shall be considered and maintained as affordable housing for purposes of this title.

SEC. 762. TERMINATION OF NEW COMMITMENTS FOR RENTAL ASSISTANCE.

After September 30, 1997, financial assistance for rental housing assistance under the United States Housing Act of 1937 may not be provided to any Indian housing authority or tribally designated housing entity, unless such assistance is provided pursuant to a contract for such assistance entered into by the Secretary and the Indian housing authority before such date.

SEC. 763. TERMINATION OF YOUTHBUILD PROGRAM ASSISTANCE.

(a) IN GENERAL.—Subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899 et seq.) is amended—

(1) by redesignating section 460 as section 461; and

(2) by inserting after section 459 the following new section:

"SEC. 460. INELIGIBILITY OF INDIAN TRIBES.

"Indian tribes, Indian housing authorities, and other agencies primarily serving Indians or Indian areas shall not be eligible applicants for amounts made available for assistance under this subtitle for fiscal year 1997 and fiscal years thereafter.".

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendments under subsection (a) shall be made on October

1, 1997, and shall apply with respect to amounts made available for assistance under subtitle D of title II of the Cranston-Gonzalez National Affordable Housing Act for fiscal year 1998 and fiscal years thereafter.

SEC. 764. TERMINATION OF HOME PROGRAM ASSISTANCE.

(a) IN GENERAL.—Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended—

(1) in section 217(a)—

(A) in paragraph (1), by striking "reserving amounts under paragraph (2) for Indian tribes and after"; and

(B) by striking paragraph (2); and

(2) in section 288—

(A) in subsection (a), by striking ", Indian tribes,";

(B) in subsection (b), by striking ", Indian tribe,"; and

(C) in subsection (c)(4), by striking ", Indian tribe,".

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendments under subsection (a) shall be made on October 1, 1997, and shall apply with respect to amounts made available for assistance under title II of the Cranston-Gon-

zalez National Affordable Housing Act for fiscal year 1998 and fiscal years thereafter.

SEC. 765. TERMINATION OF HOUSING ASSISTANCE FOR THE HOMELESS.

(a) MCKINNEY ACT PROGRAMS.—Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended—

(1) in section 411, by striking paragraph (10);

(2) in section 412, by striking ", and for Indian tribes,";

(3) in section 413—

(A) in subsection (a)—

(i) by striking ", and to Indian tribes,"; and

(ii) by striking ", or for Indian tribes" each place it appears;

(B) in subsection (c), by striking "or Indian tribe"; and

(C) in subsection (d)(3)—

(i) by striking ", or Indian tribe" each place it appears; and

(ii) by striking ", or other Indian tribes,";

(4) in section 414(a)—

(A) by striking 'or Indian tribe'' each place it appears; and

(B) by striking '', local government,'' each place it appears and inserting ''or local government'';

(5) in section 415(c)(4), by striking ''Indian tribes,'';

(6) in section 416(b), by striking ''Indian tribe,'';

(7) in section 422—

(A) in by striking ''Indian tribe,''; and

(B) by striking paragraph (3);

(8) in section 441—

(A) by striking subsection (g);

(B) in subsection (h), by striking ''or Indian housing authority''; and

(C) in subsection (j)(1), by striking '', Indian housing authority'';

(9) in section 462—

(A) in paragraph (2), by striking '', Indian tribe,''; and

(B) by striking paragraph (4); and

(10) in section 491(e), by striking '', Indian tribes (as such term is defined in section 102(a) of the

Housing and Community Development Act of 1974),".

(b) INNOVATIVE HOMELESS DEMONSTRATION.—Section 2(b) of the HUD Demonstration Act of 1993 (42 U.S.C. 11301 note) is amended—

(1) in paragraph (3), by striking " 'unit of general local government', and 'Indian tribe' " and inserting "and 'unit of general local government' "; and

(2) in paragraph (4), by striking "unit of general local government (including units in rural areas), or Indian tribe" and inserting "or unit of general local government".

(c) EFFECTIVE DATE AND APPLICABILITY.—The amendments under subsections (a) and (b) shall be made on October 1, 1997, and shall apply with respect to amounts made available for assistance under title IV of the Stewart B. McKinney Homeless Assistance Act and section 2 of the HUD Demonstration Act of 1993, respectively, for fiscal year 1998 and fiscal years thereafter.

SEC. 766. SAVINGS PROVISION.

Except as provided in sections 761 and 762, this title may not be construed to affect the validity of any right, duty, or obligation of the United States or other person arising under or pursuant to any commitment or agreement lawfully entered into before October 1, 1997, under the

United States Housing Act of 1937, subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, title II of the Cranston-Gonzalez National Affordable Housing Act, title IV of the Stewart B. McKinney Homeless Assistance Act, or section 2 of the HUD Demonstration Act of 1993.

SEC. 767. EFFECTIVE DATE.

Sections 761, 762, and 766 shall take effect on the date of the enactment of this title.

Subtitle F—Loan Guarantees for Affordable Housing Activities

SEC. 771. AUTHORITY AND REQUIREMENTS.

(a) AUTHORITY.—To such extent or in such amounts as provided in appropriation Acts, the Secretary may, subject to the limitations of this subtitle and upon such terms and conditions as the Secretary may prescribe, guarantee and make commitments to guarantee, the notes or other obligations issued by Indian tribes or tribally designated housing entities, for the purposes of financing affordable housing activities described in section 722.

(b) LACK OF FINANCING ELSEWHERE.—A guarantee under this subtitle may be used to assist an Indian tribe or housing entity in obtaining financing only if the Indian tribe or housing entity has made efforts to obtain such financing without the use of such guarantee and cannot com-

plete such financing consistent with the timely execution of the program plans without such guarantee.

(c) TERMS OF LOANS.—Notes or other obligations guaranteed pursuant to this subtitle shall be in such form and denominations, have such maturities, and be subject to such conditions as may be prescribed by regulations issued by the Secretary. The Secretary may not deny a guarantee under this subtitle on the basis of the proposed repayment period for the note or other obligation, unless the period is more than 20 years or the Secretary determines that the period causes the guarantee to constitute an unacceptable financial risk.

(d) LIMITATION ON OUTSTANDING GUARANTEES.—No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the issuer's total outstanding notes or obligations guaranteed under this subtitle (excluding any amount defeased under the contract entered into under section 772(a)(1)) would thereby exceed an amount equal to 5 times the amount of the grant approval for the issuer pursuant to title III.

(e) PROHIBITION OF PURCHASE BY FFB.—Notes or other obligations guaranteed under this subtitle may not be purchased by the Federal Financing Bank.

(f) PROHIBITION OF GUARANTEE FEES.—No fee or charge may be imposed by the Secretary or any other Fed-

eral agency on or with respect to a guarantee made by the Secretary under this subtitle.

SEC. 772. SECURITY AND REPAYMENT.

(a) REQUIREMENTS ON ISSUER.—To assure the repayment of notes or other obligations and charges incurred under this subtitle and as a condition for receiving such guarantees, the Secretary shall require the Indian tribe or housing entity issuing such notes or obligations to—

(1) enter into a contract, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed under this subtitle;

(2) pledge any grant for which the issuer may become eligible under this title;

(3) demonstrate that the extent of such issuance and guarantee under this title is within the financial capacity of the tribe and is not likely to impairment the ability to use of grant amounts under subtitle A, taking into consideration the requirements under section 723(a); and

(4) furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, including increments in local tax receipts generated by the activities assisted under this title or dispositions proceeds from the sale of land or rehabilitated property.

(b) REPAYMENT FROM GRANT AMOUNTS.—Notwithstanding any other provision of this title—

(1) the Secretary may apply grants pledged pursuant to subsection (a)(2) to any repayments due the United States as a result of such guarantees; and

(2) grants allocated under this title for an Indian tribe or housing entity (including program income derived therefrom) may be used to pay principal and interest due (including such servicing, underwriting, and other costs as may be specified in regulations issued by the Secretary) on notes or other obligations guaranteed pursuant to this subtitle.

(c) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all guarantees made under this subtitle. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

SEC. 773. PAYMENT OF INTEREST.

The Secretary may make, and contract to make, grants, in such amounts as may be approved in appropriations Acts, to or on behalf of an Indian tribe or housing entity issuing notes or other obligations guaranteed under

this subtitle, to cover not to exceed 30 percent of the net interest cost (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) to the borrowing entity or agency of such obligations. The Secretary may also, to the extent approved in appropriation Acts, assist the issuer of a note or other obligation guaranteed under this subtitle in the payment of all or a portion of the principal and interest amount due under the note or other obligation, if the Secretary determines that the issuer is unable to pay the amount because of circumstances of extreme hardship beyond the control of the issuer.

SEC. 774. TREASURY BORROWING.

The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out the obligations of the Secretary under guarantees authorized by this subtitle. The obligations issued under this section shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Secretary issued under this section, and for such purposes may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, and the

purposes for which such securities may be issued under such chapter are extended to include the purchases of the Secretary's obligations hereunder.

SEC. 775. TRAINING AND INFORMATION.

The Secretary, in cooperation with eligible public entities, shall carry out training and information activities with respect to the guarantee program under this subtitle.

SEC. 776. LIMITATIONS ON AMOUNT OF GUARANTEES.

(a) AGGREGATE FISCAL YEAR LIMITATION.—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 subtitle, to the extent approved or provided in appropriation Acts, the Secretary shall enter into commitments to guarantee notes and obligations under this subtitle with an aggregate principal amount of $400,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CREDIT SUBSIDY.—There is 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 under this subtitle, $40,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001.

(c) AGGREGATE OUTSTANDING LIMITATION.—The total amount of outstanding obligations guaranteed on a

cumulative basis by the Secretary pursuant to this subtitle shall not at any time exceed $2,000,000,000 or such higher amount as may be authorized to be appropriated for this subtitle for any fiscal year.

(d) FISCAL YEAR LIMITATIONS ON TRIBES.—The Secretary shall monitor the use of guarantees under this subtitle by Indian tribes. If the Secretary finds that 50 percent of the aggregate guarantee authority under subsection (c) has been committed, the Secretary may—

(1) impose limitations on the amount of guarantees any one Indian tribe may receive in any fiscal year of $50,000,000; or

(2) request the enactment of legislation increasing the aggregate limitation on guarantees under this subtitle.

SEC. 777. EFFECTIVE DATE.

This subtitle shall take effect upon the enactment of this title.

Subtitle G—Other Housing Assistance for Native Americans

SEC. 781. LOAN GUARANTEES FOR INDIAN HOUSING.

(a) DEFINITION OF ELIGIBLE BORROWERS TO INCLUDE INDIAN TRIBES.—Section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a) is amended—

(1) in subsection (a)—

(A) by striking "and Indian housing authorities" and inserting ", Indian housing authorities, and Indian tribes,"; and

(B) by striking "or Indian housing authority" and inserting ", Indian housing authority, or Indian tribe"; and

(2) in subsection (b)(1), by striking "or Indian housing authorities" and inserting ", Indian housing authorities, or Indian tribes".

(b) NEED FOR LOAN GUARANTEE.—Section 184(a) of the Housing and Community Development Act of 1992 is amended by striking "trust land" and inserting "lands or as a result of a lack of access to private financial markets".

(c) LHP REQUIREMENT.—Section 184(b)(2) of the Housing and Community Development Act of 1992 is amended by inserting before the period at the end the following: "that is under the jurisdiction of an Indian tribe for which a local housing plan has been submitted and approved pursuant to sections 712 and 713 of the Native American Housing Assistance and Self-Determination Act of 1996 that provides for the use of loan guarantees under this section to provide affordable homeownership housing in such areas".

(d) LENDER OPTION TO OBTAIN PAYMENT UPON DEFAULT WITHOUT FORECLOSURE.—Section 184(h) of the Housing and Community Development Act of 1992 is amended—

(1) in paragraph (1)(A)—

(A) in the first sentence of clause (i), by striking "in a court of competent jurisdiction"; and

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

"(ii) NO FORECLOSURE.—Without seeking foreclosure (or in any case in which a foreclosure proceeding initiated under clause (i) continues for a period in excess of 1 year), the holder of the guarantee may submit to the Secretary a request to assign the obligation and security interest to the Secretary in return for payment of the claim under the guarantee. The Secretary may accept assignment of the loan if the Secretary determines that the assignment is in the best interests of the United States. Upon assignment, the Secretary shall pay to the holder of the guarantee the pro rata portion of the amount guaranteed (as deter-

mined under subsection (e)). The Secretary shall be subrogated to the rights of the holder of the guarantee and the holder shall assign the obligation and security to the Secretary.";

(2) by striking paragraph (2); and

(3) by redesignating paragraph (3) as paragraph (2).

(e) LIMITATION OF MORTGAGEE AUTHORITY.—Section 184(h)(2) of the Housing and Community Development Act of 1992, as so redesignated by subsection (e)(3) of this section, is amended—

(1) in the first sentence, by striking "tribal allotted or trust land," and inserting "restricted Indian land, the mortgagee or"; and

(B) in the second sentence, by striking "Secretary" each place it appears, and inserting "mortgagee or the Secretary".

(f) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the Housing and Community Development Act of 1992 is amended by striking "1993" and all that follows through "such year" and inserting "1997, 1998, 1999, 2000, and 2001 with an aggregate outstanding principal amount note exceeding $400,000,000 for each such fiscal year".

(g) AUTHORIZATION OF APPROPRIATIONS FOR GUARANTEE FUND.—Section 184(i)(7) of the Housing and Community Development Act of 1992 is amended by striking "such sums" and all that follows through "1994" and inserting "$30,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001".

(h) DEFINITIONS.—Section 184(k) of the Housing and Community Development Act of 1992 is amended—

(1) in paragraph (4), by inserting after "authority" the following: "or Indian tribe";

(2) in paragraph (5)—

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

"(A) is authorized to engage in or assist in the development or operation of—

"(i) low-income housing for Indians; or

"(ii) housing subject to the provisions of this section; and"; and

(B) by adding at the end the following: "The term includes tribally designated housing entities under the Native American Housing Assistance and Self-Determination Act of 1996."; and

(3) by striking paragraph (8) and inserting the following new paragraph:

"(8) The term 'tribe' or 'Indian tribe' means any Indian tribe, band, notation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act of 1975.

(i) PRINCIPAL OBLIGATION AMOUNTS.—Section 184(b)(5)(C) of the Housing and Community Development Act of 1992 is amended by striking clause (i) and inserting the following new clause:

"(i) 97.75 percent of the appraised value of the property as of the date the loan is accepted for guarantee (or 98.75 percent if the value of the property is $50,000 or less); and".

(j) AVAILABILITY OF AMOUNTS.—

(1) REQUIREMENT OF APPROPRIATIONS.—Section 184(i)(5) of the Housing and Community Development Act of 1992 is amended by striking subparagraph (A) and inserting the following new subparagraph:

"(A) REQUIREMENT OF APPROPRIATIONS.—The authority of the Secretary to enter into commitments to guarantee loans under this section shall be effective for any fiscal year to the extent or in such amounts as are or have been provided in appropriations Acts, without regard to the fiscal year for which such amounts were appropriated.".

(2) COSTS.—Section 184(i)(5)(B) of the Housing and Community Development Act of 1992 is amended by adding at the end the following new sentence: "Any amounts appropriated pursuant to this subparagraph shall remain available until expended.".

(k) GNMA AUTHORITY.—The first sentence of section 306(g)(1) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g)(1)) is amended by inserting before the period at the end the following: "; or guaranteed under section 184 of the Housing and Community Development Act of 1992".

SEC. 782. 50-YEAR LEASEHOLD INTEREST IN TRUST OR RESTRICTED LANDS FOR HOUSING PURPOSES.

(a) AUTHORITY TO LEASE.—Notwithstanding any other provision of law, any restricted Indian lands, whether tribally or individually owned, may be leased by the Indian

owners, with the approval of the Secretary of the Interior, for residential purposes.

(b) TERM.—Each lease pursuant to subsection (a) shall be for a term not exceeding 50 years.

(c) OTHER CONDITIONS.—Each lease pursuant to subsection (a) and each renewal of such a lease shall be made under such terms and regulations as may be prescribed by the Secretary of the Interior.

(d) RULE OF CONSTRUCTION.—This section may not be construed to repeal, limit, or affect any authority to lease any restricted Indian lands that—

(1) is conferred by or pursuant to any other provision of law; or

(2) provides for leases for any period exceeding 50 years.

SEC. 783. TRAINING AND TECHNICAL ASSISTANCE.

There is authorized to be appropriated for assistance for the a national organization representing Native American housing interests for providing training and technical assistance to Indian housing authorities and tribally designated housing entities $2,000,000, for each of fiscal years 1997, 1998, 1999, 2000, and 2001.

SEC. 784. EFFECTIVE DATE.

This subtitle and the amendments made by this subtitle shall take effect upon the enactment of this title.

TITLE VIII—NATIONAL MANUFACTURED HOUSING CONSTRUCTION AND SAFETY STANDARDS CONSENSUS COMMITTEE

SEC. 801. SHORT TITLE; REFERENCE.

(a) SHORT TITLE.—This title may be cited as the "National Manufactured Housing Construction and Safety Standards Act of 1996".

(b) REFERENCE.—Whenever in this title an amendment is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to that section or other provision of the Housing and Community Development Act of 1974.

SEC. 802. STATEMENT OF PURPOSE.

Section 602 (42 U.S.C. 5401) is amended by striking the first sentence and inserting the following: "The Congress declares that the purposes of this title are to reduce the number of personal injuries and deaths and property damage resulting from manufactured home accidents and to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes.".

SEC. 803. DEFINITIONS.

(a) IN GENERAL.—Section 703 (42 U.S.C. 5402) is amended—

(1) in paragraph (2), by striking "dealer" and inserting "retailer";

(2) in paragraph (12), by striking "and" at the end;

(3) in paragraph (13), by striking the period at the end and inserting a semicolon; and

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

"(14) 'consensus committee' means the committee established under section 604(a)(7); and

"(15) 'consensus standards development process' means the process by which additions and revisions to the Federal manufactured home construction and safety standards shall be developed and recommended to the Secretary by the consensus committee.".

(b) CONFORMING AMENDMENTS.—

(1) OCCURRENCES OF "DEALER".—The Act (42 U.S.C. 5401 et seq.) is amended by striking "dealer" and inserting "retailer" in each of the following provisions:

(A) In section 613, each place such term appears.

(B) In section 614(f), each place such term appears.

(C) In section 615(b)(1).

(D) In section 616.

(2) OTHER AMENDMENTS.—The Act (42 U.S.C. 5401 et seq.) is amended—

(A) in section 615(b)(3), by striking "dealer or dealers" and inserting "retailer or retailers"; and

(B) by striking "dealers" and inserting "retailers" each place such term appears—

(i) in section 615(d);

(ii) in section 615(f); and

(iii) in section 623(c)(9).

SEC. 804. FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS.

Section 604 (42 U.S.C. 5403) is amended—

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

"(a) ESTABLISHMENT.—

"(1) AUTHORITY.—The Secretary shall establish, by order, appropriate Federal manufactured home construction and safety standards. Each such Federal manufactured home standard shall be reasonable and shall meet the highest standards of protection, taking

into account existing State and local laws relating to manufactured home safety and construction. The Secretary shall issue all such orders pursuant to the consensus standards development process under this subsection. The Secretary may issue orders which are not part of the consensus standards development process only in accordance with subsection (b).

"(2) CONSENSUS STANDARDS DEVELOPMENT PROCESS.—Not later than 180 days after the date of enactment of the National Manufactured Housing Construction and Safety Standards Act of 1996, the Secretary shall enter into a cooperative agreement or establish a relationship with a qualified technical or building code organization to administer the consensus standards development process and establish a consensus committee under paragraph (7). Periodically, the Secretary shall review such organization's performance and may replace the organization upon a finding of need.

"(3) REVISIONS.—The consensus committee established under paragraph (7) shall consider revisions to the Federal manufactured home construction and safety standards and shall submit revised standards to the Secretary at least once during every 2-year period, the first such 2-year period beginning upon the

appointment of the consensus committee under paragraph (7). Before submitting proposed revised standards to the Secretary, the consensus committee shall cause the proposed revised standards to be published in the Federal Register, together with a description of the consensus committee's considerations and decisions under subsection (e), and shall provide an opportunity for public comment. Public views and objections shall be presented to the consensus committee in accordance with American National Standards Institute procedures. After such notice and opportunity public comment, the consensus committee shall cause the recommended revisions to the standards and notice of its submission to the Secretary to be published in the Federal Register. Such notice shall describe the circumstances under which the proposed revised standards could become effective.

"(4) REVIEW BY SECRETARY.—The Secretary shall either adopt, modify, or reject the standards submitted by the consensus committee. A final order adopting the standards shall be issued by the Secretary not later than 12 months after the date the standards are submitted to the Secretary by the consensus committee, and shall be published in the Fed-

eral Register and become effective pursuant to subsection (c). If the Secretary—

"(A) adopts the standards recommended by the consensus committee, the Secretary may issue a final order directly without further rulemaking;

"(B) determines that any portion of the standards should be rejected because it would jeopardize health or safety or is inconsistent with the purposes of this title, a notice to that effect, together with this reason for rejecting the proposed standard, shall be published in the Federal Register no later than 12 months after the date the standards are submitted to the Secretary by the consensus committee;

"(C) determines that any portion of the standard should be modified because it would jeopardize health or safety or is inconsistent with the purposes of this title—

"(i) such determination shall be made no later that 12 months after the date the standards are submitted to the Secretary by the consensus committee;

"(ii) within such 12-month period, the Secretary shall cause the proposed modified

standard to be published in the Federal Register, together with an explanation of the reason for the Secretary's determination that the consensus committee recommendation needs to be modified, and shall provide an opportunity for public comment in accordance with the provisions of section 553 of title 5, United States Code; and

"(iii) the final standard shall become effective pursuant to subsection (c).

"(5) FAILURE TO ACT.—If the Secretary fails to take final action under paragraph (4) and publish notice of the action in the Federal Register within the 12-month period under such paragraph, the recommendations of the consensus committee shall be considered to have been adopted by the Secretary and shall take effect upon the expiration of the 180-day period that begins upon the conclusion of the 12-month period. Within 10 days after the expiration of the 12-month period, the Secretary shall cause to be published in the Federal Register notice of the Secretary's failure to act, the revised standards, and the effective date of the revised standards. Such notice shall be deemed an order of the Secretary approving

the revised standards proposed by the consensus committee.

"(6) INTERPRETIVE BULLETINS.—The Secretary may issue interpretive bulletins to clarify the meaning of any Federal manufactured home construction and safety standards, subject to the following requirements:

"(A) REVIEW BY CONSENSUS COMMITTEE.—Before issuing an interpretive bulletin, the Secretary shall submit the proposed bulletin to the consensus committee and the consensus committee shall have 90 days to provide written comments thereon to the Secretary. If the consensus committee fails to act or if the Secretary rejects any significant views recommended by the consensus committee, the Secretary shall explain in writing to the consensus committee, before the bulletin becomes effective, the reasons for such rejection.

"(B) PROPOSALS.—The consensus committee may, from time to time, submit to the Secretary proposals for interpretive bulletins under this subsection. If the Secretary fails to issue or rejects a proposed bulletin within 90 days of its receipt, the Secretary shall be considered to have

approved the proposed bulletin and shall immediately issue the bulletin.

"(C) EFFECT.—Interpretative bulletins issued under this paragraph shall become binding without rulemaking.

"(7) CONSENSUS COMMITTEE.—

"(A) PURPOSE.—The consensus committee referred to in paragraph (2) shall have as its purpose providing periodic recommendations to the Secretary to revise and interpret the Federal manufactured home construction and safety standards and carrying out such other functions assigned to the committee under this title. The committee shall be organized and carry out its business in a manner that guarantees a fair opportunity for the expression and consideration of various positions.

"(B) MEMBERSHIP.—The consensus committee shall be composed of 25 members who shall be appointed as follows:

"(i) APPOINTMENT BY PROCESS ADMINISTRATOR.—Members shall be appointed by the qualified technical or building code organization that administers the consensus standards development process pursuant to

paragraph (2), subject to the approval of the Secretary.

"(ii) BALANCED MEMBERSHIP.—Members shall be appointed in a manner designed to include all interested parties without domination by any single interest category.

"(iii) SELECTION PROCEDURES AND REQUIREMENTS.—Members shall be appointed in accordance with selection procedures for consensus committees promulgated by the American National Standards Institute, except that the American National Standards Institute interest categories shall be modified to ensure representation on the committee by individuals representing the following fields, in equal numbers under each of the following subclauses:

"(I) Manufacturers.

"(II) Retailers, insurers, suppliers, lenders, community owners and private inspection agencies which have a financial interest in the industry.

"(III) Homeowners and consumer representatives.

"(IV) Public officials, such as those from State or local building code enforcement and inspection agencies.

"(V) General interest, including academicians, researchers, architects, engineers, private inspection agencies, and others.

Members of the consensus committee shall be qualified by background and experience to participate in the work of the committee, but members by reason of subclauses (III), (IV), and (V), except the private inspection agencies, may not have a financial interest in the manufactured home industry, unless such bar to participation is waived by the Secretary. The number of members by reason of subclause (V) who represent private inspection agencies may not constitute more than 20 percent of the total number of members by reason of subclause (V). Notwithstanding any other provision of this paragraph, the Secretary shall appoint a member of the consensus committee, who shall not have voting privileges.

"(C) MEETINGS.—The consensus committee shall cause advance notice of all meetings to be published in the Federal Register and all meetings of the committee shall be open to the public.

"(D) AUTHORITY.—Sections 203, 205, 207, and 208 of title 18, United States Code, shall not apply to the members of the consensus committee. Members shall not be considered to be special government employees for purposes of part 2634 of title 5, Code of Federal Regulations. The consensus committee shall not be considered an advisory committee for purposes of the Federal Advisory Committee Act.

"(E) ADMINISTRATION.—The consensus committee and the administering organization shall operate in conformance with American National Standards Institute procedures for the development and coordination of American National Standards and shall apply to such Institute to obtain accreditation.

"(F) STAFF.—The consensus committee shall be provided reasonable staff resources by the administering organization. Upon a showing of need and subject to the approval of the Secretary, the administering organization shall furnish

technical support to any of the various interest categories on the consensus committee.

"(b) OTHER ORDERS.—The Secretary may issue orders that are not developed under the procedures set forth in subsection (a) in order to respond to an emergency health or safety issue, or to address issues on which the Secretary determines the consensus committee will not make timely recommendations, but only if the proposed order is first submitted by the Secretary to the consensus committee for review and the committee is afforded 90 days to provide its views on the proposed order to the Secretary. If the consensus committee fails to act within such period or if the Secretary rejects any significant change recommended by the consensus committee, the public notice of the order shall include an explanation of the reasons for the Secretary's action. The Secretary may issue such orders only in accordance with the provisions of section 553 of title 5, United States Code.";

(2) by striking subsection (e);

(3) in subsection (f), by striking the matter preceding paragraph (1) and inserting the following:

"(e) CONSIDERATIONS IN ESTABLISHING AND INTERPRETING STANDARDS.—The consensus committee, in recommending standards and interpretations, and the Sec-

retary, in establishing standards or issuing interpretations under this section, shall—";

(4) by striking subsection (g);

(5) in the first sentence of subsection (j), by striking "subsection (f)" and inserting "subsection (e)"; and

(6) by redesignating subsections (h), (i), and (j) as subsections (f), (g), and (h), respectively.

SEC. 805. ABOLISHMENT OF NATIONAL MANUFACTURED HOME ADVISORY COUNCIL.

Section 605 (42 U.S.C. 5404) is hereby repealed.

SEC. 806. PUBLIC INFORMATION.

Section 607 (42 U.S.C. 5406) is amended—

(1) in subsection (a)—

(A) by inserting "to the Secretary" after "submit"; and

(B) by adding at the end the following new sentence: "Such cost and other information shall be submitted to the consensus committee by the Secretary for its evaluation.";

(2) in subsection (d), by inserting ", the consensus committee," after "public,"; and

(3) by striking subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 807. INSPECTION FEES.

Section 620 (42 U.S.C. 5419) is amended to read as follows:

"SEC. 620. (a) AUTHORITY TO ESTABLISH FEES.—In carrying out the inspections required under this title and in developing standards pursuant to section 604, the Secretary may establish and impose on manufactured home manufacturers, distributors, and retailers such reasonable fees as may be necessary to offset the expenses incurred by the Secretary in conducting such inspections and administering the consensus standards development process and for developing standards pursuant to section 604(b), and the Secretary may use any fees so collected to pay expenses incurred in connection therewith. Such fees shall only be modified pursuant to rulemaking in accordance with the provisions of section 553 of title 5, United States Code.

"(b) DEPOSIT OF FEES.—Fees collected pursuant to this title shall be deposited in a fund, which is hereby established in the Treasury for deposit of such fees. Amounts in the fund are hereby available for use by the Secretary pursuant to subsection (a). The use of these fees by the Secretary shall not be subject to general or specific limitations on appropriated funds unless use of these fees is specifically addressed in any future appropriations legislation. The Secretary shall provide an annual report to Congress indicating expenditures under this section. The Secretary shall

also make available to the public, in accordance with all applicable disclosure laws, regulations, orders, and directives, information pertaining to such funds, including information pertaining to amounts collected, amounts disbursed, and the fund balance.''.

SEC. 808. ELIMINATION OF ANNUAL REPORT REQUIREMENT.

Section 626 (42 U.S.C. 5425) is hereby repealed.

SEC. 809. EFFECTIVE DATE.

The amendments made by this title shall take effect on the date of enactment of this Act, except that the amendments shall have no effect on any order or interpretative bulletin that is published as a proposed rule pursuant to the provisions of section 553 of title 5, United States Code, on or before that date.

Amend the title so as to read: ''An Act to repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes.''.

Attest:

Clerk.